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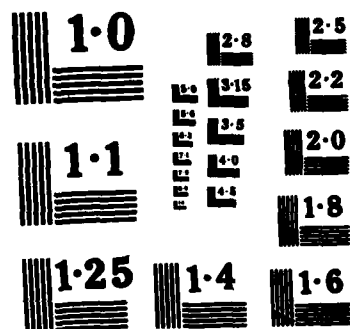
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# STUDY PROJECT

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USING RESOURCES (INPUTS) TO  
ACHIEVE DESIRED ARMY RESULTS (OUTPUTS)

BY

LIEUTENANT COLONEL BARRY S. BAER, FC

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REPORT DOCUMENTATION PAGE		READ INSTRUCTIONS BEFORE COMPLETING FORM
1. REPORT NUMBER	2. GOVT ACCESSION NO.	3. RECIPIENT'S CATALOG NUMBER
AD-A158032		
4. TITLE (and Subtitle) Using Resources (Inputs) to Achieve Desired Army Results (Outputs)		5. TYPE OF REPORT & PERIOD COVERED STUDENT PAPER
		6. PERFORMING ORG. REPORT NUMBER
7. AUTHOR(s) LTC Barry S. Baer		8. CONTRACT OR GRANT NUMBER(s)
9. PERFORMING ORGANIZATION NAME AND ADDRESS US Army War College Carlisle Barracks, PA 17013-5050		10. PROGRAM ELEMENT, PROJECT, TASK AREA & WORK UNIT NUMBERS
11. CONTROLLING OFFICE NAME AND ADDRESS Same		12. REPORT DATE 25 April 1985
		13. NUMBER OF PAGES 77
14. MONITORING AGENCY NAME & ADDRESS (if different from Controlling Office)		15. SECURITY CLASS. (of this report) UNCLASSIFIED
		15a. DECLASSIFICATION/DOWNGRADING SCHEDULE
16. DISTRIBUTION STATEMENT (of this Report) Approved for public release; distribution is unlimited.		
17. DISTRIBUTION STATEMENT (of the abstract entered in Block 20, if different from Report)		
18. SUPPLEMENTARY NOTES		
19. KEY WORDS (Continue on reverse side if necessary and identify by block number)		
20. ABSTRACT (Continue on reverse side if necessary and identify by block number) There is an identified problem of linking all phases of the Planning, Pro-gramming, Budgeting, and Execution System (PPBES) and tying resource consumption to output. PPBES requires a mechanism to provide feedback in order to evaluate execution of a program. The objective of this study project is twofold: (1) to develop, in conjunction with COA personnel, the use of the Output Oriented Resource Management System (OORMS) and its PPBES linkage mechanism--the Mission Decision Package (MDEP)--within the Army's resource management systems so that the data captured and reported will provide a horizontal view of all resources		

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associated within discrete Army programs; and (2) to identify how the Finance and Accounting community can support this process with more in-depth analysis and evaluation. The OORMS, which utilizes microcomputers and diskettes to flow information from HQDA, MACOMs, and their subordinate installations and units, and data from standard Army financial systems, will provide the continuity necessary to evaluate whether input resources achieved the desired output. The MDEP will be the linkage mechanism for the full eight-year PPBES Cycle. To support this process, the Finance and Accounting community has the necessary tools and data to perform resource analysis.

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## **USAWC MILITARY STUDIES PROGRAM PAPER**

### **USING RESOURCES (INPUTS) TO ACHIEVE DESIRED ARMY RESULTS (OUTPUTS)**

#### **AN INDIVIDUAL STUDY PROJECT**

by

**Lieutenant Colonel Barry S. Baer, FC**

**Colonel Ted Cooper, FC  
Project Adviser**

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**US Army War College  
Carlisle Barracks, Pennsylvania 17013  
25 April 1985**

## **ABSTRACT**

**AUTHOR:** Barry S. Baer, LTC, FC

**TITLE:** Using Resources (Inputs) to Achieve  
Desired Army Results (Outputs)

**FORMAT:** Individual Study Project

**DATE:** 25 April 1985    **PAGES:** 72    **CLASSIFICATION:** Unclassified

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## **CHAPTER I**

### **INTRODUCTION**

#### **GOVERNMENTAL ACCOUNTING SYSTEMS**

Conventional governmental accounting systems have been the center of much controversy in resource management circles in recent years. There has been general criticism of governmental accounting's exclusive focus on legalistic dollar accountability on a year-by-year basis. The irrelevance of governmental accounting reports to management control and performance evaluation systems have also been criticized.<sup>1</sup>

Budgeting, accounting and related management information systems often yield data that are irreconcilable and inconsistent. Controlling the cost of government requires knowing what government services and programs cost and why. Today's financial reports focus on obligations and outlays by appropriation. They do not paint a clear picture of costs. This is not a consistently reliable measure of the resources being consumed by an activity in carrying out identified programs. Programming, budgeting, and accounting (budget execution) must be accomplished on the same basis so that actual results can be measured against plans. Sound budgeting and sound financial management depend both on the analysis of future trends and program needs (planning/programming) and on past performance (accounting). No single process should dominate.

A well developed financial management structure should include performance information that can be used for both day to day management and policy and budgeting decisions. An effective system of measuring program performance requires: (1) agreement on relevant measures of accomplishment (performance factors); (2) a systematic collection of reliable, consistent and comparable information on costs and accomplishments; and (3) this information's being routinely supplied for use in management, planning, programming and budgeting.<sup>2</sup>

## BACKGROUND

### Army Planning Programming Budgeting Execution System (PPBES)

Consistent with the overall criticism of the Federal Government's financial management, the Army today does not provide an effective means of uniformly capturing and reporting the execution of its programs in the same terms as the Army leadership makes resource allocation decisions. All too often, a "program" is established at HQDA, utilizing the PDIP (Program Decision Increment Package) process that, when funding is subsequently allocated during the execution year to the appropriate entity, the visibility of whether the funds were actually obligated and disbursed against the program is lost to HQDA, the MACOM and the subordinate organization. As the Army cycles through the PPBES (Program Budget Execution System) process, the continuity necessary to determine success or failure of decisions in earlier phases of the process is not necessarily maintained. There is a lack of linkage throughout the process, particularly during execution of an approved program. The process is depicted graphically below:

#### PPBES PROCESS

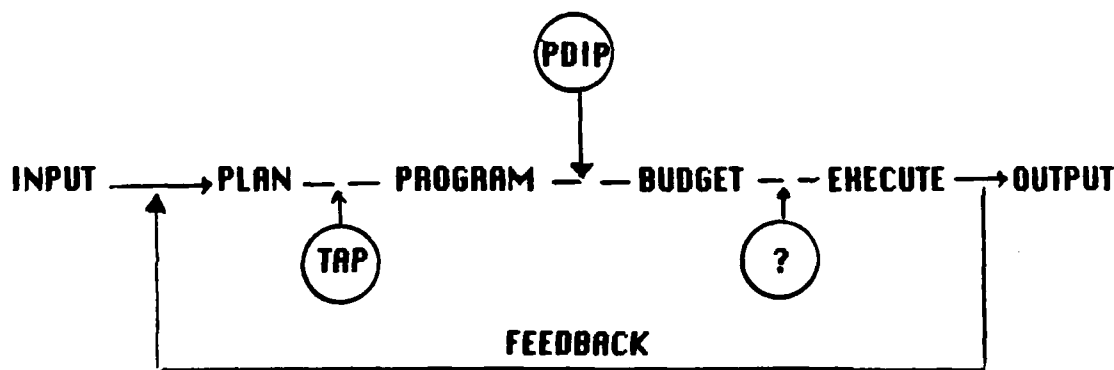


Figure I-1

The current Army financial management process, PPBES, does not adequately provide reliable, consistent information for policy formulation and management control. Problems with the current process include:

- a. poor quality of financial management information;
- b. poor linkage between phases of PPBES;

c. inadequate attention paid to comparing budgeted activity with actual results;

d. primary emphasis on fund control which causes decision-makers to concentrate primarily on the current year rather than on resource implications for the future.

*This is perhaps so because our current accounting systems were initially designed to perform accounting vertically, focusing on obligations and outlays on a year-to-year basis. The systems were designed in the 1960's to meet the Army's then current business practices and management philosophies. These vertical appropriation accounting systems have performed well, meeting statutory reporting requirements. Moreover, the Finance and Accounting community has actively been working to supplement management needs. For example, deficiencies identified in the Army's accounting systems by General Accounting Office (GAO) reports, US Army Audit Agency (USAAA) reports and a contracted 1978 Arthur Young study, will be corrected with the implementation of redesigned financial systems.*

*In recent years, however, management information needs and business practices of the Army leadership at all levels have changed rapidly and significantly. As a result, there is an immediate and well-documented need to develop accounting and resource information systems which produce data capable of determining (1) total organizational expenses; (2) costs by function or activity; and (3) unit costs as measures of output. In addition to meeting appropriation reporting requirements, there is a need for a consistently reliable measure of the resources being consumed, while identified programs are actually being carried out. Programming, budgeting and accounting (budget execution) must be accomplished so actual results can be measured against plans, or so inputs can be identified with outputs.<sup>3</sup>*

*Major revisions to the Army Management Structure (AMS) are underway that will provide horizontal and vertical management visibility in the late 1980's and early 1990's. New accounting systems to support*

the resource management process at all levels are also under development for implementation in the same time period. These long term efforts will meet the management needs of the Army; however, a pragmatic output-oriented focus in resource management is required today.

### STATEMENT OF THE PROBLEM

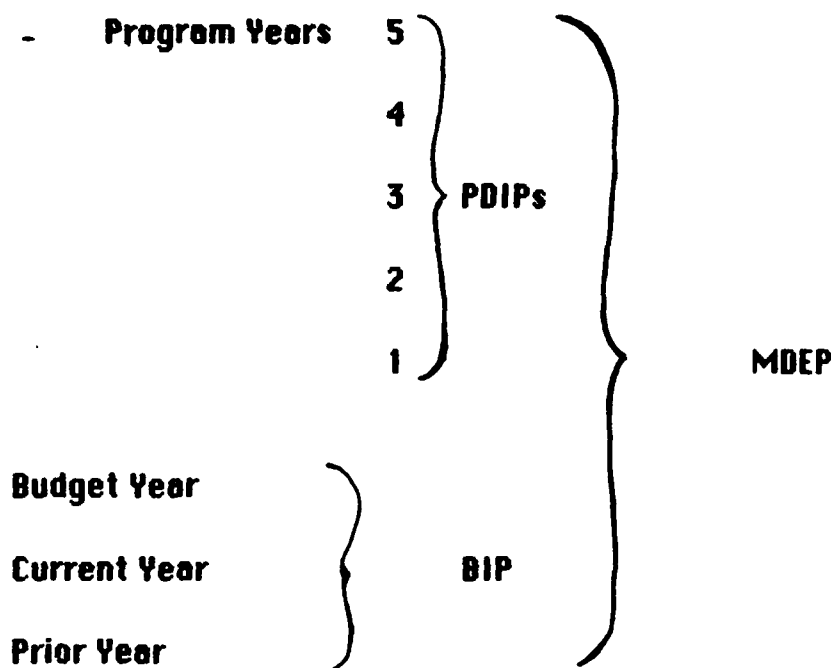
The Planning, Programming, Budgeting and Execution System is deficient in that it does not provide meaningful feedback to decisionmakers on program performance. Decision-makers decide to do something (plan) and then determine with what to do it (program) and then determine specific cost (budget). The contention is that after the budget is finished, the DA Staff goes back to plan or program and start the cycle over again without any meaningful feedback as to what actually gets accomplished during execution--e.g., was the workload that was financed actually accomplished?

Currently, the Army programs and budgets for "things," but its systems are reporting out only dollars obligated and spent, and not useful workload performance factors on which the dollars were spent, and upon those things which decisionmakers decided to buy or invest in.<sup>4</sup>

Thus, PPBES requires a mechanism to provide adequate feedback in order to properly evaluate execution of an approved program. A mechanism to accomplish this task has been developed by Office, Comptroller of the Army (COA) and it is called the MDEP (Mission Decision Package). The MDEP is a major component of the Output Oriented Resource Management System (OORMS) being developed concurrently with the MDEP.

The OORMS is being developed to provide the necessary linkages to the phases of PPBES. The Army program consists of Program Decision Incremental Packages (PDIPs) covering five years, while the three years covered by budgeting include the Prior Year or the last fiscal year, the Current Year or the present fiscal year, and the Budget Year or next fiscal year. These three budget years are called a Budget Incremental Package (BIP). The total eight years, linked together, is called a Mission

**Decision Package (MDEP).** Hence, an MDEP is composed of two subsets, PDIPs and BIP. Illustratively it appears thus:



**MDEP TIME FRAME**  
**Figure 1-2**

The MDEP is the controlled linkage of the two subsets: the programmer's PDIP and its budget counterpart, the Budget Increment Package. Linking program support for the full eight year period, with specific recognition of resource control differences in the two subsets, provides the essential element of the feedback loop.

Certain steps are being taken in order to establish the Output Oriented Resource Management System by the end of FY 86:

1. Identifying and improving program output;
  2. Expanding management decision packages;
  3. Rebuilding the decision packages for improved management focus;
  4. Adapting Army accounting and financial reporting systems to provide feedback on the packages;
  5. Modifying the program and budget development process;
  6. Providing information/communication linkages in the system.
- These steps are described in depth in Chapter II of this study.

## **Study Objectives**

The objective of this study project is twofold: (1) to develop, in conjunction with COA personnel, the use of the OORMS concept and its PPBES linkage mechanism--the MDEP--within the Army's resource management systems so that the data captured and reported will provide a horizontal view of all resources associated within discrete Army programs; and (2) to identify how the Finance and Accounting community can support this process with more in-depth analysis and evaluation of the available data for decision-makers.

## **STUDY METHODOLOGY**

The OORMS concept and the MDEP are new and innovative ideas for the Army and the resource management community. They go a long way toward solving the identified problem of establishing a linkage within PPBES and tying resource consumption to output. However, as with any new concept under development, input for this study was obtained from a variety of sources, many of whom are in the process of developing, refining or implementing the concept. Therefore, this study represents a comprehensive and hopefully definitive publication on OORMS, MDEP and how the Finance and Accounting community can support the resource analysis process.

## **Sources**

In order to accomplish the study objectives, the following resources were utilized:

1. Review of available literature--see Bibliography for publications used.
2. Office, Comptroller of the Army, personnel.
3. Assistant Comptroller of the Army (Finance and Accounting)/US Army Finance and Accounting Center (USAFAC) personnel;
4. Field Finance and Accounting personnel;;
5. My own personal experiences as a Finance and Accounting Officer; and
6. Briefing charts, handouts and other documents provided by



individuals contacted during the course of the study. Where applicable, these sources are documented in Chapter Endnotes.

### **Essential Elements of Information**

In achieving the Study Objectives, several elements of information were deemed essential for performing the study research and analysis. These essential elements of information as they relate to the Study Objectives are included in appropriate chapters. These elements include:

1. The system will expand the current PDIP structure from five to eight years for consistency in program development and budget execution processes. What data displays will be required at each level of Army management? What realignments will be required in structuring PDIPs?

2. Information contained in the program packages will be expanded to include explicit identification of the outputs that are expected from the application of the requested resources. What workload and performance factors are to be included in the outputs reported? How will these data be captured and reported?

3. By modifying the current decision package structure, will it be possible to establish feedback of current year financial and performance information within current financial systems? How can this be accomplished? What will be the role of the Finance and Accounting Officer and his staff in this process?

4. Since the Standard Finance System (STANFINS) will be the basic source of input for OORMS, what data from STANFINS are required? Have these data been defined or are additional efforts required?

5. The Army Management Structure (AMS) is currently under revision. What will be the relationship between current AMS, revised AMS and the MDEP? If there is no relationship, what is the mechanism for identification of MDEPs within the current reporting structure and OORMS? What will be the coding mechanism and linkage for PDIPs, BIPs and the MDEP?

## **STUDY ORGANIZATION-CHAPTER CONTENTS**

### **Chapter I-Introduction**

provides the background to the study, statement of the problem,

and study objectives. In addition, study methodology and essential elements of information are presented.

### **Chapter II-The Output Oriented Resource Management System**

provides a detailed description of the COR's thrust to refocus Army resource management processes through the Output Oriented Resource Management System. This refocus effort is dependent upon corollary actions including the implementation of the Standard Installation Organization and the redesign of the Army Management Structure.

### **Chapter III-The Output Oriented Resource Management System Distribution and Reporting Process**

provides an in depth description of the Output Oriented Resource Management System distribution and reporting process at HQDA, MACOM, and installation levels of operation. Many of the essential elements of information are addressed in this chapter.

### **Chapter IV-Financial and Logistic Systems Interfaces**

provides an overview of the logistic and financial systems interfaces existing today and planned for the future. These system interfaces are essential to capturing the "total cost" of Army programs. Without these data, and their flow upward to HQDA, the total resource management system is not complete.

### **Chapter V-Using Resources (Inputs) to Achieve the Desired Army Results (Outputs)**

provides insight as to how the Finance and Accounting community can help management make better use of its resources in order to achieve the Army's desired outputs. This topic was the subject of a recent Resource Management Journal article, titled, "Helping Management Make Better Use of Resources to Achieve The Army's Desired Outputs", by the author of this study.

### **Chapter VI-Conclusions and Recommendations**

offers some conclusions and recommendations on the Output

**Oriented Resource Management System. While problems of implementation will persist in the short term, OORMS should overcome these in the long term:**

- 1. poor linkages between the phases of PPBES;**
- 2. inadequate attention paid to monitoring and comparing budgeted activity with actual results;**
- 3. primary emphasis on fund control--which causes managers to concentrate primarily on purchase of new assets and obligations during the current year rather than total resources used.**

## **CHAPTER I**

### **ENDNOTES**

1. William W. Hoder & Alan A. Cherry, "Financial Reporting by Government: A Suggested Approach," The Government Accountant's Journal, Summer, 1981, p. 15.

2. US General Accounting Office, "Managing the Cost of Government-Building an Effective Financial Management Structure" Vol. I, March, 1984, Preface.

3. LTC Barry S. Baer, "Helping Management Make Better Use of Resources to Achieve the Army's Desired Objectives." Resource Management Journal, Winter, 1985, p. 22.

4. COL Ted Cooper, "Output Oriented Resource Management System", Concept Paper. US Army War College, 16 November, 1984.

## **CHAPTER II**

### **THE OUTPUT ORIENTED RESOURCE MANAGEMENT SYSTEM**

**In order to fully understand the Output Oriented Resource Management System, a detailed discussion of the concept is essential. This includes a depiction of the current situation, the steps to be taken and related systemic actions underway.**

#### **GIVING A NEW FOCUS TO RESOURCE MANAGEMENT<sup>1</sup>**

**Army resource management, for the past several years, has perpetuated a management anachorism. A formal, systematic feedback loop--the key step necessary to evaluate the quality of decisions made--has not existed within the PPBES process. Now is the time to create such a loop for all levels of Army managers. It can be done; however, efforts must be focused on modifying, improving and, in some cases, rebuilding the current management processes. But, before this can be done, the current environment, and what base processes will be needed to build upon, must be understood.**

**In the planning phase of the management process, The Army Plan (TAP) is developed by function. Overall priorities are established and decisions are made for the future in terms of those functions and their relationship to the overall goals of the Army's leadership for the long term.**

**In the programming phase of the process, sources are programmed to support specific missions and initiatives within each of the functions--identifying first the action required to support the plan for each of the functions, then the resources necessary to accomplish these missions. In these two phases, the process proceeds from the overall function into the display of missions within each function in resource program packages.**

**When moving from programming to budgeting and execution in the PPBES process, the focus is traditionally changed from the horizontal view of resources (across the spectrum of approved program packages) to the vertical view of resources in a strict appropriation structure.**

This structure will be used for the presentation of the budget to Congress and the later distribution of funds to commands and activities in the year of execution.

In the past, the transition from horizontal to vertical resource management structures has been accepted as unavoidable. A major revision to the Army Management Structure (AMS) will allow retention of both horizontal and vertical management visibility throughout all phases of the PPBES. A discussion of this AMS revision is presented later in this chapter. Since the AMS redesign will not be fully fielded throughout the Army until the early 1990s, it is essential to close the loop in the near term in the PPBES.

The Army is taking six steps to improve the resource management decision-making process. These steps are being taken to close the loop in the current system as well as for the future:

1. Identify and improve the program outputs in the packages. Define performance factors, workloads, inputs and outputs for resource packages.

2. Expand the packages to include the full eight years of PPBES and all funds used to accomplish Army programs and activities, not just Army Total Obligational Authority (TOA).

3. Rebuild the program packages to make them meaningful at all levels of Army management.

4. Adapt Army accounting and financial reporting systems to provide feedback in the packages.

5. Modify the program and budget development process at all management levels of the Army to retain this new focus of decision making while still being able to complete the required vertical appropriation requests to Congress.

6. Ensure that a link is provided to support current functional management systems and the follow-on systems to be fielded in the 1990's.

### **Step One: ESTABLISHING A LOGICAL PROGRAM PACKAGE STRUCTURE**

The first step toward closing the loop is an adjustment to the program packages. To make the feedback loop work and to make the package meaningful for both program and resource managers, the packages themselves have to be meaningful at all management levels.

Not only must the package be a communication device among these levels of management, but it also must be sufficiently defined to allow the "executor" to identify the resources applied and outputs

achieved in their execution reporting.

Right now, many of the PDIPs used for the departmental programming process do not meet these communication and reportability criteria. The current PDIP structure will have to be reviewed and necessary modifications made to create a well defined MDEP structure. Some significant steps have already been taken to standardize installation management organization and functions that can be continued in the MDEP structure for these essential Army activities.

Linking the standard organization and functional structure of the installations to a standard MDEP structure would link the program/policy stovepipe with the resource sponsorship of the activity. Doing this wisely will make it easy for the installation to collect the essential feedback in terms of resources applied and outputs achieved.

Other program issues will have to be repackaged to meet other functional management needs. Some needs, such as those of Army management headquarters activities, will also have to be packaged in recognition of specific Congressional limitations. The packaging should be based on answering these questions:

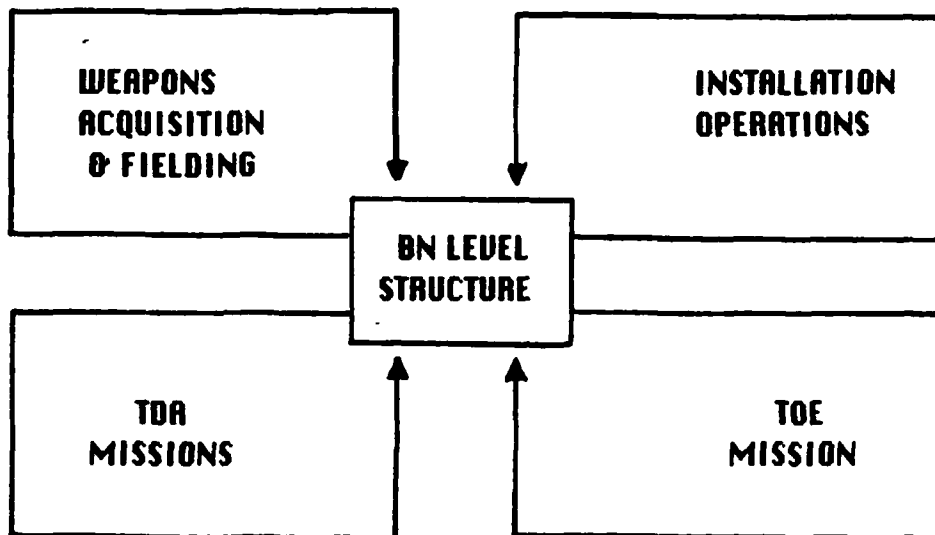
1. What does management need to know to make valid decisions on the future course of the Army?
2. What information needs to be assessed up and down the management chain of command to ensure that this package means the same thing to all of the participants?
3. Can the outputs be quantified that should be achieved by the application of the resources to this program?
4. Can the resources be identified with reasonable accuracy, to the outputs desired at the point of execution of the program?

When these questions have been answered, legitimate decision making tools will be on hand. Programmatic decision making will be grounded in the prior and current execution year experience. The quantification of the outputs to be achieved and the resources necessary to achieve them will be explicitly addressed.

Thus, to accomplish this rebuilding process, a logical model of the accounts that accommodates both the external requirements of the program and budget process and the way that the Army does business is needed. The model has to link directly with the development of the living TOE. In addition, it has to make sense to the people in the field; not only those who build programs and develop budget estimates, but also those who execute the approved programs. The following diagram displays this model and the discussion that follows will address each element of the structure.

## BATTALION LEVEL FORCE STRUCTURE MODEL

Figure 11-1



### Battalion Level Structure

The heart of the model is the SRC (Standard Requirements Code) level decision on the Battalion Level Force Structure of the Army, balanced for each year in the program.

### TOE Mission

Starting from the base of the TAA-91 decisions, the TOE structure will be build to higher level units: divisions, separate brigades, corps headquarters with corps plugs, and groupings of like combat support and combat service support units dedicated to common missions.

### Weapons Acquisition and Fielding

The System Acquisition and Fielding lobe will be crossed and requirements established by system by year. These requirements are then balanced against the number of systems that will be available from the procurement actions three years earlier (Three years is used to accommodate the procurement funded delivery time of two years, plus the contract preparation time and time required to field the equipment from the PM to the unit). If there is insufficient equipment to meet unit requirements, force structure decisions (E-dates) will have to be modified to available equipment levels and procurement adjustments will have to be scheduled as necessary to "catch up" the buy.



Management information system PDIPs will be created with development, production, facilities and fielding phases for the major management information systems that are currently being developed and phased into the Army management inventory.

### **TDA Missions**

With the systems and the structure in balance, attention is turned to the TDA mission activities that support the total Army TOE effort: the recruiting, enlistment processing, individual training, doctrine and combat development activities, Army wide logistics support and research development labs/activities.

### **Installation Operations**

Garrisons, communities and installations support the assigned military population, including allied forces, drilling and fulltime Reserve Component personnel, nearby retired community, and entitled family members and Department of the Army civilians. The Chief of Staff has approved the standardization of the garrison/community structure Army wide. This structure will be supported in the program packages. As a result, the HQDA proponent for the policy relating to a given garrison operation will also become the resource sponsor for the activity. Modifications to the missions should be supported by modifications to the resources provided--or to the way that the support services are to be provided.

### **STEP TWO: ESTABLISH OUTPUT/PERFORMANCE MEASURES IN THE PACKAGES**

The next step toward closing the loop is to recognize that current PDIPs (packages) often do not include the desired output or accomplishment against which resources are applied each fiscal year. Too often the output has been established "off-line" and understood by the proponent and the senior decisionmakers, but not explicitly identified in the PDIPs provided to the MACOMs.

The lack of official identification of the workload inputs and outputs to support the resources in the packages causes major problems in establishing programmatic accountability over the course of the annual process. Proponents and decision-makers come and go and what

was actually approved becomes subject to interpretation in the absence of the "official record."

In some programs, identifying the programmatic outputs and workloads will be relatively simple. Some examples include: training loads and graduates, flying hours, and post or community population supported. In other cases, identifying and quantifying the desired outputs will require additional work.

This raises the larger question of the substance of a program for which the "successful completion" cannot be articulated. How can we tell if we have gotten what we wanted out of the program if we cannot tell each other what the resourced program objectives are?

The focus of the resourced program package has to be improved decisionmaking for the Army, not just financial or manpower management for its own sake. Therefore, the package has to be expanded in content specifically to address the workload or programmatic output that the resources support.

### **STEP THREE: EXPAND THE TIME FRAME OF THE PACKAGES**

The third step to be taken to close the loop requires the expansion of the 5 year "programming" focus of the PDIP to the full eight year period of PPBES.

In expanding the PDIP focus to include the prior, current and budget year resources, it must be recognized that managers do not have the same license to change resources in the near years as in the program years. During programming, the Army has its resource limits set at the macro levels--TOR by year without specific limits by appropriation. The final distribution of TOR into appropriations is made based on the resource requirements of the approved program packages. Programmatic decisions by the leadership can cause major changes in the distribution of available TOR among appropriations.

In the current and budget years, this flexibility does not exist. Once the Army program is converted to the President's Budget, very strict rules apply to the redistribution of funds both within and between appropriations. Not only are the appropriations established as finite limits by the Appropriation Acts, but there are also limits on the flexibility of the Services to make changes without the approval of Congress.

Because of those different fiscal management environments, the PDIP cannot be extended into the budget and execution periods. However, the PPBES program/resource package currently must focus on

budget and execution. It has to be focused on management's needs, while recognizing the distinct control differences between the program and budget periods.

This, then, is the appropriate focus for the Mission Decision Package (MDEP). The MDEP is the controlled linkage of two subsets--the programmer's PDIP and its budget counterpart, the Budget Increment Package (BIP) that was briefly discussed in Chapter I.

Budget adjustments should provide greater focus to the programmatic implications of possible funding changes and allocation alternatives. Changing resource levels in the current and budget years can change output achieved against the BIP period program objectives. This can also change each year's PDIP objectives. Thus, a change to the resources available to support the BIP will also require a thorough review of achievable outputs with resources available in the PDIP period.

The budget year adjustments will have to be extended within the fiscal constraints of the PDIP. In other words, adjustments must be balanced through output corrections while funding is held constant. In addition, program outputs and resource changes must be deferred until the following program cycle.

Linking program support for the full eight year period with specific recognition of resource control differences in the two subsets provides the essential element of the feedback loop for decision makers. It will also change the focus of budget development, execution and evaluation throughout the Army.

With these changes, budget execution success will not be judged solely on the traditional obligation rate indicators. Instead, success will be able to be judged on whether the resources allocated were sufficient to meet the programmatic objectives.

#### **STEP FOUR: ADAPT ACCOUNTING SYSTEMS TO PROVIDE FEEDBACK IN PACKAGES**

If the program packages and the output measures are made meaningful at the point of execution, the data collected in the accounting systems for feedback on program performance in execution will be able to be used. The first elements of this change in the use of accounting can be seen in the capture of the one-time costs of weapons system fieldings through the accounting system. In the future, the vacant positions available in the standard accounting systems to capture the PDIP identifier of various activities will be used. As PDIPs are added and deleted, a major "check" will have to be: can the

resources applied to this activity/function be readily identified at the point of execution? If they can be, then HQDA can advise the commands to build this additional four position code into their fund citations and their accounting system master files to allow the program and budget community to extract the feedback information they need by programmatic package.

Future improvements to both the accounting system and the coding structure that supports it will enhance the ability to extract the feedback desired from this system. In addition to pulling the financial and performance data from the accounting system, the available information from the operational reporting systems (training, logistics, readiness, management, etc.) will be integrated into this process. With both the operational and financial data focusing on the same structure, managers will see a much better picture of program accomplishment than with either one standing alone.

The Output Oriented Resource Management System Distribution and Reporting process will be discussed in depth in Chapter III. This system is the adaptation of the Army's systems to provide the necessary package feedback.

#### **STEP FIVE; MODIFY THE PROGRAM AND BUDGET DEVELOPMENT PROCESS**

After making these changes in the scope and substance of the program resource packages (MDEPs), better support to the leadership at every level of Army operations for the management of Army resources will be provided.

A fifth step toward closing the loop, an automated program and budget process to retain the improved focus of decision-making at all management levels, while still providing the traditional vertical appropriation requests and justifications to the Congress, is being developed.

To do this, and to reduce the paperwork requirements of the current processes, standard data displays are being developed that can be used at all operating levels and passed up and down the management chain via diskettes. The displays will be used with standard software on microcomputers. With them the program packages, resources (MDEPs), workloads, and projected outputs will be passed to MACOMs and from MACOMs to their subordinate activities.

They will also allow the installation and activity commanders to realign resources among packages within legal limits to meet operational requirements, adjust the estimated outputs and feed the

installation level details back "up" the system to the MACOMs and the HQDA. The near term focus will be on developing linkages between existing systems and processes that will support the output oriented decision-making process.

These capabilities should help to identify significant variances from the acceptable bounds of required funding to support projected workloads versus available funding. They should greatly increase the capability to focus management attention on obvious problem areas in the program years, while performing the detailed development of the budget.

#### **STEP SIX: PROVIDING THE LINK**

Additionally, development efforts will be closely linked with those of the Assistant Chief of Staff for Information Management. This is to ensure support of, and support by: current functional management systems; follow-on systems to be fielded in the 1990's that will use the standard definition and coding structures of the AMS Redesign; and the, as yet, untested initiatives for developing the Army's corporate data base.

These links will ensure that the PPBES processes and resource packages mirror the decision packages that drive force structure, equipment procurement and fielding and operational support decisions. DDCMOD (Documentation Modernization): A task force is developing a standard paragraph numbering system for all TDAs. The Standard Installation Organization will be used as the basis for the first step in this process.

The goal of the six steps described above is to give near term improvement and prepare for long term improvements to the PPBES process by refocusing the decision packages, so they will allow senior leadership to deal with programs and budget issues in their own terms of "reference." The remainder of this chapter presents a detailed discussion of three components of the OORMS that are essential to making the system achieve its desired objectives: the MDEP, the Standard Installation Organization, and the Army Management Structure (Redesign).

## THE MISSION DECISION PACKAGE (MDEP)<sup>2</sup>

The purpose of the Mission Decision Package (MDEP) is to provide a means for measuring the execution of programs in the same terms as the Army leadership makes resource allocation decisions.

The MDEP provides the horizontal view of all resources associated with discrete Army programs. These packages are derived from those used during program development and budget formulation. They are carried into the execution phase so that decision makers can measure the effectiveness of the resource allocation process. Packages will often be referred to by informal categories--core, weapons system, functional, etc.--but each reflects a resource decision which can be changed if the execution data show actual experience to be at variance from the predictions of programming or budgeting. By measuring the effectiveness of prior decisions, it will be possible to improve the effectiveness of future decisions.

The MDEP is represented by a four position alphanumeric code. Codes are assigned during the programming phase with a degree of logic based on the type of package, the originating agency and the year of origination; however, this structure is generally immaterial for purposes of the MDEP except for weapons system resources. They are structured in sets of three MDEPs, which, when added together, reflect their life cycle costs. The codes are:

FL--Fielding

SL--Sustaining

TL--Training

Program and Budget Guidance issued to MACOMs will show all resources by MDEP as a reflection of the latest decisions made within the Army, within the DOD or by the Congress.

### MDEP Structure Examples

#### FORSCOM Installation

10 BASE OPS MDEPS (see below)

2 TOE Mission MDEPs

MECH DIV

DIV Active Units

Round-Out BDE

#### 4 TDA MISSION MDEPs

1 TRADOC

3 FORSCOM

#### TRADOC--individual training

Accessions }

Mid level }

Senior level }

Special skills

legal

medical

Flight training

Officers

Warrant Officers

Enlisted

#### combat & doctrine

Combined Arms

Logistics

Soldier Support

Training Support

Activities

#### AMC DEPOT

10 BASE OPS MDEPs

5 Mission MDEPs

Maintenance

Supply

Depot Overhaul

GS Repair

Storage

Preservation

Packing and Crating

Note the logical construction of the MDEP packages (Base Operations accounts are listed below). Base Operations MDEPs mirror organizational operation consistent with the Standard Installation Organization. MDEP execution data will be available by extracting from the standard accounting system, and is described in Chapter III.

#### MDEP STRUCTURE AND AMS CORRELATION<sup>3</sup>

#### BASE OPERATIONS, BASE COMMUNICATIONS, REAL PROPERTY MAINTENANCE ACTIVITIES AND ARMY FAMILY HOUSING

<u>ORGANIZATION</u>	<u>MDEP</u>	<u>AMS ACCOUNTS</u>
Director of Personnel and Community Affairs	DPCA	G-Personnel Support S-Community & Morale Support Activities
Director of Logistics	DLOG	B-Supply Operations D-Transportation Services E-Laundry & Drycleaning

Director of Engineering & Housing	DMNT	F-Food Service
	DENG	C-DS/GS Maintenance
		J-Operation of Utilities
		K-Maintenance & Repair of Real Property
Provost Marshal Director of Information Management Other	DHOU	L-Minor Construction
		M-Other Engineering Support
		H-Unaccompanied Personnel Housing & Army Fam Housing
	BMAR	BMAR/DMAR
	PMOP	T-Preservation of Order
	DOIM	P-Automation Activities
	BCOM	P395700-Base Communications
	INCC	N-Administration

#### **THE STANDARD INSTALLATION ORGANIZATION<sup>4</sup>**

Garrison organizational structures at Army installations will be standardized beginning in 1985. This decision by the Army Chief of Staff culminated more than a year of studies and analyses involving all MACOMs and the Army Staff.

In the fall of 1983, the UCSA asked the COR to lead an examination of the overall installation structure. Many benefits were expected to be gained from the SIO concept as a result of the study:

1. Improve the Army's mobilization capability;
2. provide a better capability to deliver services;
3. provide for better management of installation support.

A significant additional benefit that has resulted is the SIO's role in the OORMS. It provides a capability to relate resource inputs and workload outputs consistent with reliable performance standards.

All Army installations will be realigned to the SIO structure. An illustrative example follows:

1. **COMMAND ELEMENT** (plus PERSONAL STAFF). The Commanding General (who continues to be the overall "Installation Commander" in the SIO) will see little change in his immediate office.

2. **MISSION ELEMENT**. Every installation has a "primary" mission element; Fort Sill's is the US Army Field Artillery School (at Fort Hood it is III Corps, at New Cumberland Army Depot it is the Directorate of Supply, etc.).

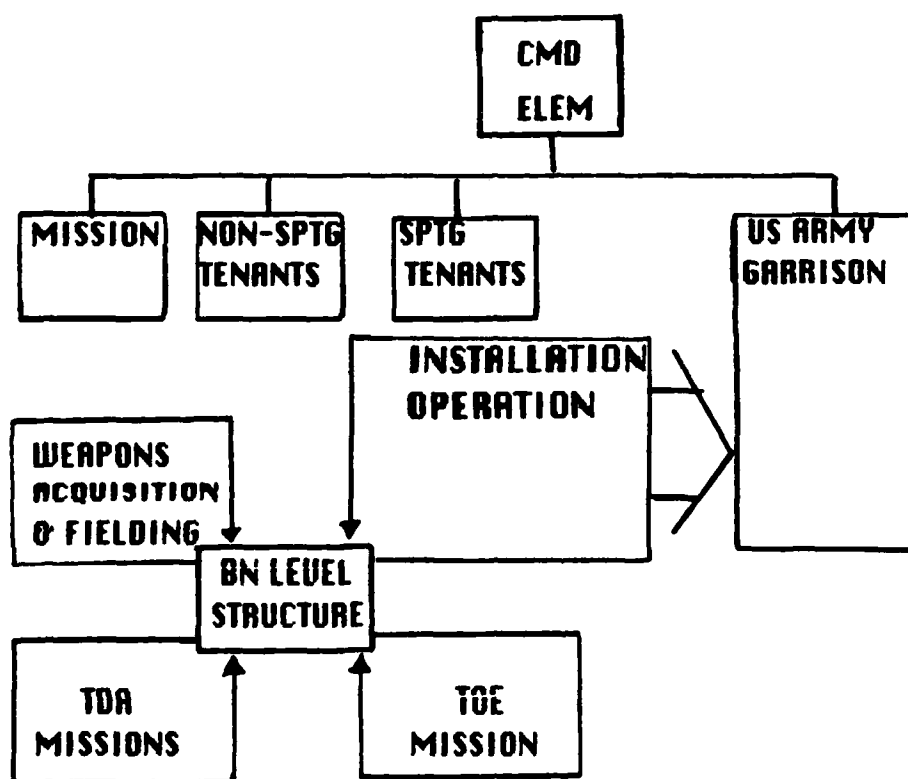


**3. NON-SUPPORTING TENANTS.** Most installations are "host" to organizations that do not, per se, provide support for the installation.

**4. SUPPORTING TENANTS.** At nearly every installation there is a relatively standard grouping of "supporting tenants." These are the organizations assigned to MACOMs other than the installation's "parent," and which are located at the installation in order to provide a particular service. HSC hospitals and clinics, Communications support (USAI SC), Post Exchanges (AAFES), Commissaries (TSA), and criminal investigation support (USACIDC) are elements of this standard group.

The figure below depicts these relationships:

**BATTALION LEVEL FORCE STRUCTURE MODEL RELATIONSHIP TO SIO**



**Figure 11-2**

**5. US ARMY GARRISON.** The garrison structure is the "set piece" of the SIO. The following descriptions highlight only the significant changes from the existing garrison organization; detailed changes will be reflected in forthcoming revisions to AR 5-3 ("Installation Management and Organization").

**A.** The Deputy Installation Commander will become the "Garrison Commander" under the SIO. The term Garrison Commander reflects much more appropriately that he will be responsible for the day-to-day operations of the garrison.

**(1) Every Director will work for the Garrison Commander.**

**(2) The Garrison Commander will have legal authority not available to a "Deputy" and he will, therefore, be able to resolve most actions that must now go to the Commanding General.**

**= B. Equal Employment Office. No change.**

**C. Headquarters Commandant. No change.**

**D. Director of Personnel and Community Activities (DPCA). The DPCA's office will be restructured to align functions under three major categories: Civilian Personnel, Military Personnel, and Community Activities.**

**E. Director of Security (DSEC). Minor changes.**

**F. Director of Plans, Training, and Mobilization (DPTM). Minor changes, with the exception that responsibilities for mobilization and counter-terrorism will be highlighted.**

**G. Director of Logistics (DOL). Existing Directorates of Industrial Operations will be renamed to provide a more descriptive title and they will undergo some organizational refinements. The Contracting and Purchasing functions will be transferred from the DOL's organization.**

**H. Director of Resource Management (DRM). Existing "Comptroller" organizations will be converted to DRMs. The installation's dollars and manpower will be managed by the DRM. "Force Development" will be renamed "Force Management" and will be placed under the DRM. The Force Management function is defined as, "maintaining organizational documentation and managing manpower accounts." The DRM will also be responsible for overall coordination and synchronization of all installation budget preparation and execution.**

**I. Director of Information Management (DOIM). Existing automation and other information management offices will be reorganized to reflect the Army's changes in the management of both information and communications.**

**J. Director of Reserve Component Support (DRCS). The Army's designation of this organization as a separate Directorate recognizes increased workloads and highlights the Army's reliance on its Reserve Component.**

**K. Director of Contracting and Procurement (DCP). This organizational change is being made to support an ever-increasing workload associated with the Army's reliance on the private sector for both goods and services.**

**L. Director of Engineering and Housing (DEH). Minor changes, which include assuming responsibility for household furnishings.**

**M. Provost Marshal's Office (PMO). No change.**

# STANDARD INSTALLATION ORGANIZATION

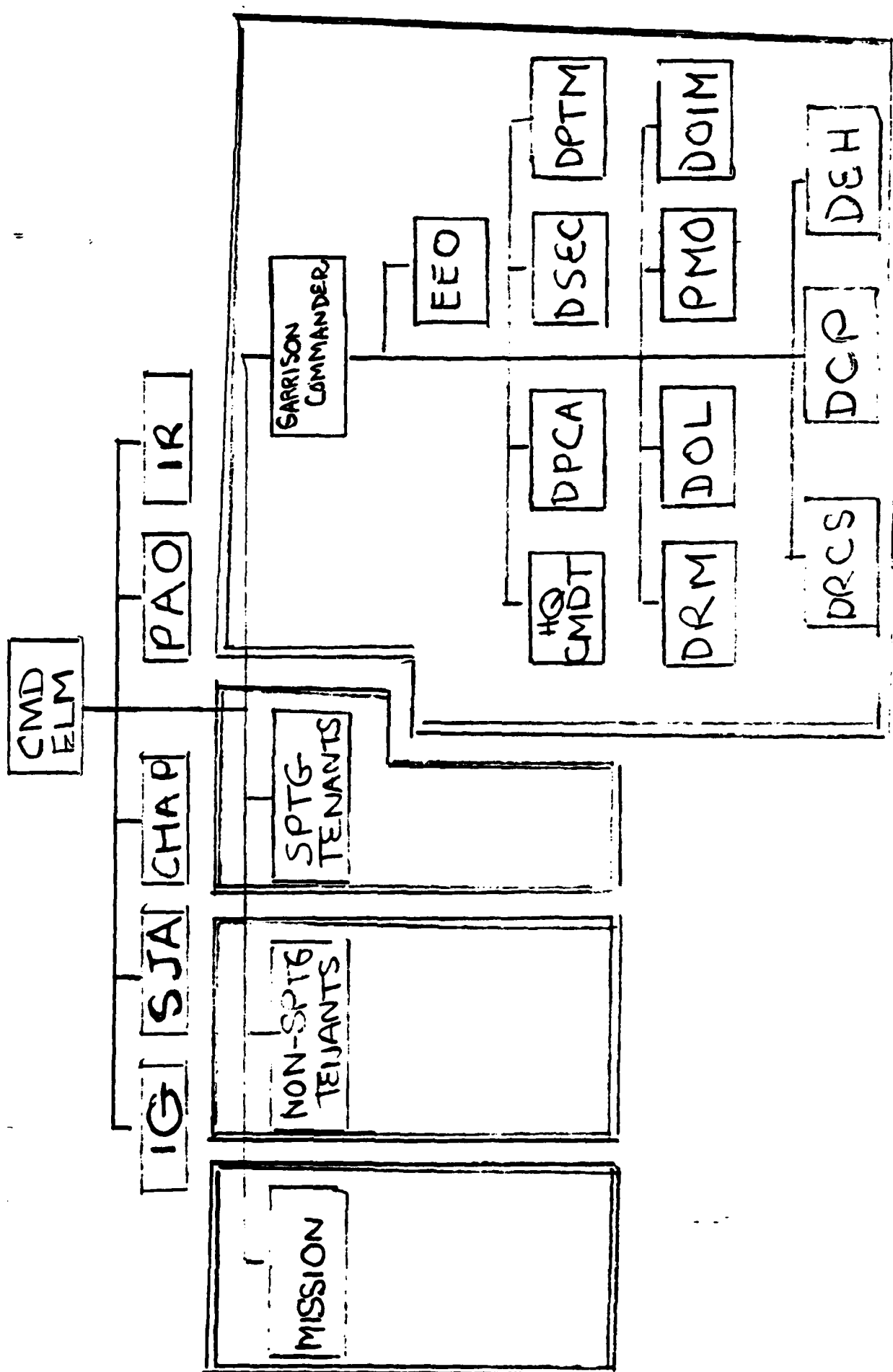


Figure 1-1

The initial steps in OORMS--the process for linking budget plans/programs and budget execution--are based on the standard installation organization. The last major component of the OORMS is the Army Management Structure (AMS). The AMS plays a significant role now and will do so in the future. The remaining portion of this chapter discusses the AMS.

## **THE ARMY MANAGEMENT STRUCTURE<sup>5</sup>**

The current Army Management Structure, AMS, is an element in every major financial system in the Army. It is the architecture used to manage funding and to meet external reporting requirements of the Army. The current AMS, though termed a "management" structure, is not fully responsive to the Army's "management" information needs. Because of its narrow budget, fund control and external reporting focus, it does not adequately support the information requirements needed by Army managers for making and evaluating their decisions in today's environment. The Army Management Structure-Redesign (AMS-R) project was established to meet these needs.

### **Why Change?**

The current AMS was designed primarily to support financial management needs as they existed over 25 years ago. Many of these needs still exist; however, with its inherent emphasis on financial controls, the current AMS does not adequately address the Army's missions nor the manner in which it will achieve those missions. As a result, managers are without an architecture to support the mission-oriented perspectives essential to their control and evaluation of Army operations. While the current AMS has been of use in managing Army dollars, dollars are not the only focus of Army management and are not the only resources the Army manages. The AMS lacks an output oriented perspective related to resource consumption.

Over the years, the current AMS developed and changed without sufficient emphasis on hierarchy or discipline. Some of the additions to the structure were determined by short-term reporting requirements and "stovepipe" considerations. This undisciplined evolution led to a lack of consistency across appropriations. This is because the structure only captures information vertically, in terms of appropriation. It is

unable to adequately capture information "horizontally," in views that cross appropriations. Therefore, managers are without a way to view the entire Army in terms of mission and independently of appropriations. The current AMS has also not kept pace with new information requirements which have grown as the way the Army conducts its "business" has changed.

The current AMS does not fully support PPBES. Resources are programmed by Army function, in terms of PDIPs. When the program year becomes the budget year, programmed resources are allocated and allotted in terms of appropriations and are accounted for in the appropriation oriented AMS. Thus, moving from the program to the budget year, track of the horizontal identification of Army programs, developed by function and PDIP, is lost. The current AMS does not identify budget, current and prior year resources to the Army programs which generated the resources.

The current AMS architecture is also a restraining factor in the design of new Army management systems. Because of advancing technology, solutions to many management problems are now achievable with the aid of data base management systems. The current AMS works well in older, file-oriented and sequential processing systems where each appropriation is treated as an independent entity. But, because of the way the current AMS is structured, it does not allow full advantage of today's automated data base management capabilities. The Army is currently redesigning many of its systems to operate in a data base environment. To work, these systems must be supported by a standard classification and coding structure. The architecture for the redesigned AMS will consist of modular components, with standard coding structures, which lend themselves to use in a data base management environment. It will facilitate the use of data base technology to relate key management data elements in differing systems.

### The Ten Components

In redesigning the AMS a study was made of all known and anticipated information needed to support decision making and evaluation. The total of information needs identified were classified into ten categories which are referred to as the "components" of AMS-R. These ten components comprise the architecture with which the Army will manage its dollars, other resources and performance in the PPBES process.

1. Management Decision Package (MDEP) Component. The MDEP component will come into being as part of the Output Oriented Resource Management System (OORMS) during fiscal years 85 and 86. It has been described in this chapter and in Chapter III.

2. Function Component. The Function Component will be used to answer the question, "Which of the nine Army functions do these resources support?" Data for this component will be derived using MDEPs and will identify Army resources to each of the Army functional categories: structure, man, train, mobilize and deploy, provide facilities, equip, sustain, manage information and management.

3. Office of the Secretary of Defense Program Element (OSDPE) Component. Since the 1960's, when the OSD Program Elements were established under Mr. McNamara, Army programs have been translated into OSD program elements used in the five year defense program (FYDP).

4. Special Interest Component. Codes contained in the Special Interest Component will be used to identify non-recurring, special interest items or events as identified by HQDA. With a standard, Army-wide special interest identifier, relevant management information with respect to any special interest item, can be isolated for use in decision making and evaluation. Examples of events which might require use of this component include disaster relief, refugee support or Congressional interest items.

5. Systems Component. The AMS-R Systems Component was designed in response to the need to manage change in development, production, fielding and operation of new Army systems. The redesigned AMS will give a standard system identifier with which to integrate management data relevant to systems in financial, manpower, logistical, acquisition and other functional systems and reports.

6. Organization Component. This component will contain a standard coding structure for identifying Army organizations consisting of modules. With a standard, modular coding structure, various categories of information about the organization can be obtained and summarized.

7. Location Component. The Location Component provides an architecture for use in identifying geographic location.

8. Budgetary Controls Component. The redesigned AMS must still support financial reporting in terms of Congressional appropriation structures. The Budgetary Controls Component provides the codes needed for such reporting and for exercising fiduciary responsibility for control of resources as authorized by Congress. It contains the fiscal codes and data elements used to manage financial resources today. There are currently six modules identified for this component. These

modules identify the department of government, the fiscal year, the specific appropriation authorized by Congress, the appropriation or administrative limitations and the budget activity and budget line item identifier used in the President's budget.

--9. Task Component. The Task Component will help to support decisions which rely on identification of tasks performed within the Army. This component provides a standard coding structure which will enable capture of "horizontal" data by task performed, irrespective of appropriation. At present, the Task Component defines 29 major task categories such as training, maintenance, etc.

10. Element of Resource Component (EOR). Codes contained in the EOR Component will replace current Elements of Expense, or EOE's. The new Elements of Resource will differ from the current EOE's by expansion of the source of resource consumption.

### Implementation

Implementation of AMS-R is already occurring. MDEPs are being implemented now and the new EORs are scheduled for implementation in the near future. Parts of the task component are being implemented in manpower documentation with the implementation of the Army Functional Dictionary. Codes for all of the types of information to be standardized in the new management structure are in use now, in one form or another, within the Army.

Essential to the management of resources is the identification of workloads or outputs which support the need for resources. At HQDA, personnel are developing resource-related performance factors. These factors must have relevance in terms of the new AMS and our systems must be designed to accommodate capture of such data. The ability to relate resources to output is as essential to the decision processes as are financial and other types of management information.

### SUMMARY

The scope of the redesigned Army Management Structure will be broader than that of the current AMS. It will not be a cleaned-up version of the current AMS, but rather an entirely new uniform coding and classification structure for use in all Army systems. It can no longer be the limited, appropriation-oriented financial architecture that it

currently is. Its architecture will be the language of all Army systems, whether they be financial or otherwise. AMS-R will facilitate integration of data between all Army management systems and aid in developing relevant management information for the Army. With AMS-R, automated systems will be able to capture the "horizontal," mission oriented perspectives used in the PPBES process and allow evaluation of the Army in terms of mission and other management criteria independently of appropriations.

This chapter's in depth presentation of the Output Oriented Resource Management System Concept, the Mission Decision Package (MDEP), the Standard Installation Organization, and the Army Management Structure, graphically portrays the complexity and interrelationships of the Army's resource management system and the enormous effort required to make significant improvements in the way the Army obtains information to make key managerial decisions. The next chapter discusses the OORMS distribution and reporting process.



## **CHAPTER II**

### **ENDNOTES**

1. This portion of Chapter II is a compilation of the salient points relating to OORMS and was obtained from two articles: "Giving a New Focus to Resource Management," Resource Management Journal, Fall, 1984, pp. 2-6 and "Refocusing Resource Management-Stage 2", Resource Management Journal, Winter 1985, pp. 6-11, written by Ms. Bunnie Smith.

2. Internal ACOA(F&A) AMS-R draft description of the MDEP, prepared December, 1984.

3. Conference Summary Notes, COA Resource Management Training Conference conducted in Indianapolis, In., 6-8 November 1984.

4. This portion of Chapter II encompassing the relationship of OORMS to the standard installation structure is adopted from an article by LTC James Thomas. "The Standard Installation Organization," Winter, 1985, Resource Management Journal, Winter 1985, pp. 18-21.

5. This portion of Chapter II pertaining to the relationship of OORMS to the AMS is adapted from an unpublished article, "Breaking the Language Barrier-AMS", written by Ms. Deborah Reppenhaggen, and submitted to the Resource Management Journal, in March, 1985.

## **Chapter III**

### **THE OUTPUT-ORIENTED RESOURCE MANAGEMENT SYSTEM DISTRIBUTION AND REPORTING PROCESS**

This chapter discusses, in depth, the OORMS distribution and reporting process. This process is the key link for the Output Oriented Resource Management System with PPBES at all management levels of the Army. The MDEP is the mechanism that provides the linkage that is evident throughout the distribution and reporting process.

#### **MISSION DECISION PACKAGE (MDEP)**

Mission Decision Packages (MDEPs) as described in Chapter II, represent a logical set of accounts that define all Army missions and programs or activities and mirror how the Army performs its business. "Core" program functions are included rather than PDIPs located at the "margin". Each MDEP should have identified outputs and performance levels and relate to battalion level force structure decisions if appropriate. Base Operations MDEPs will mirror the Standard Installation Organization. Since program mission and organizational relationships have been defined over time, the ability to analyze data by MDEP or groups of MDEPs, as logical decision packages, will be enhanced.

#### **GENERAL DESCRIPTION OF THE PROCESS<sup>1</sup>**

The general description of the process is graphically depicted at Figure III-1, The OORMS Cycle. HQDA will maintain MDEP information data in the Program Budget System (PBS) data base at control file level of detail with the information segregated by Operating Agency, Appropriation, Program and Subprogram, Resource Code and Fiscal Year. This information can be viewed within the data base in the form of a three-way spread sheet showing:

**1. MDEP/ Operating Agency/ Appropriation/ Program/ Subprogram/ Resource Code/ Fiscal Year;**

**2. Appropriation/ Operating Agency/ MDEP;**

**3. Operating Agency/ MDEP/ Appropriation/ Program/ Subprogram/ Resource Code/ Fiscal Year.**

These data can then be transmitted to the MACOM/Operating Agency by diskette where it is distributed by Sub-Command, if appropriate. The data are also segregated by Installation and Unit.

The Operating Agency /MACOM level will provide the same three breakouts as at HQDA with the exception that Sub-Command and 7 position AMSCO will be added. At this level there will be an interface with the Program Budget Accounting System (PBAS) to provide the authorized funding levels by appropriation and letter account in Base Operations. There are two possible levels below this level. These are the Sub-Commands and the Installation/Unit levels. The Sub-Command level will not be used by all MACOMs. (Sub-command level is a mirror image of the MACOM with the exception that the breakouts will be by UIC.)

The information is then distributed to the Installation/Unit level by diskette, where the Installation/Unit will then be given the capability to segregate the information by Activity. Once the Distribution Cycle has been completed, the Installation will roll-up the Activities into their respective MDEP, incorporate the Prior Year and Current Year actual obligations and disbursements, from their local STANFINS output in a corresponding level of detail of the characters of the AMSCO. This information will be placed on diskette and sent to the MACOM/Operating Agency which will then roll-up the respective installations by MDEP. This data will be forwarded to HQDA.

Spread sheets and linkages throughout the OORMS will be utilized to provide:

**1. Automatic roll-up of detail into summary from the lower level without destroying the detail and without operator intervention;**

**2. Audit trail of all changes to the spread sheet;**

**3. Controls that will not permit the user to exceed aggregate control totals;**

**4. Menus that will permit the operator to select the function to be performed;**

**5. Automated linkage with the Program Budget System database at HQDA;**

**6. Walkthrough menus so that the system will guide the user through the spread sheet with prompts at each point that data entry is required;**

**7. Methodology to request transfers of resources between MDEPs, and within Appropriations.**

# OUTPUT ORIENTED RESOURCE MANAGEMENT SYSTEM

## CYCLE

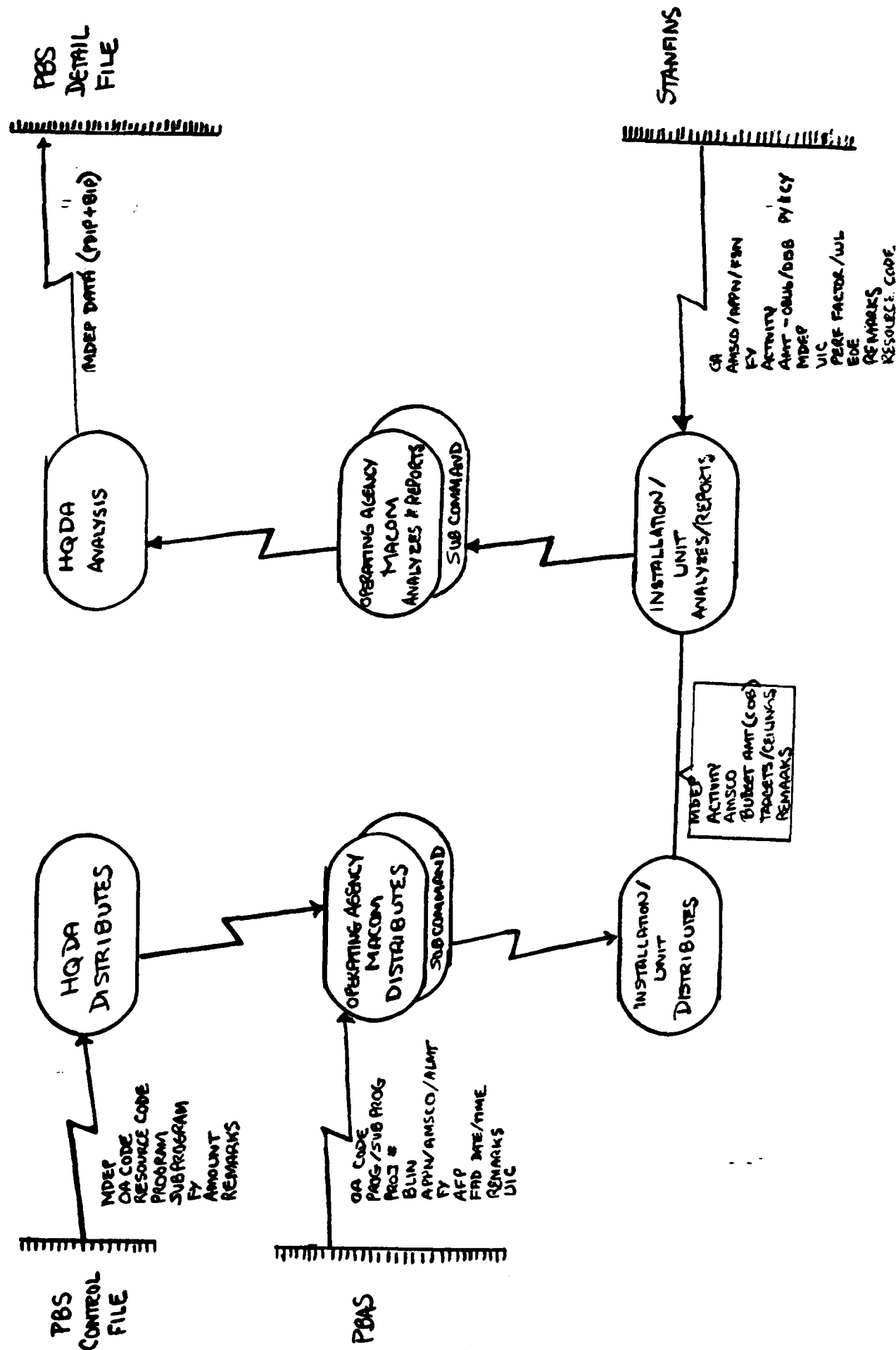


Figure III-1

The Detailed Description of the Process in this chapter contains sample sets of spread sheets showing formats and data sources. These formats are illustrative only but include the required sets of data and their relationships. The major objective is to provide the resource analyst with a series of spread sheets, each with a different array of the same data. The MDEP spread sheet will be the entry point for all data changes and updates. The other spread sheets will be updated from the MDEP. The user will be allowed to develop his own spread sheet without impacting on the data base. Each spread sheet at each level will be standardized in format but will be capable of varying degrees of detail, and number of lines and data.

A standard format for MDEPs that will permit HQDA to distribute guidance to the Operating Agencies of the MACOMs is being developed. These Operating Agencies will be provided with an automated means to distribute guidance to MACOM Sub-Commands and the Sub-Commands will have an automated methodology to distribute to Units and Installations. The Units and Installations will have the same capability to distribute by Activity. The downward distribution of guidance will be accompanied with an automated upward reporting system that rolls-up the lower levels to the next level without destroying the lower level's detail spread sheet.

The PBS database and STANFINS at their respective levels will be linked. The data from each of these files will be placed in the appropriate parts of the spread sheet without operator intervention. Each update of the spread sheet will also provide the date the file was last updated. The portion containing the data extracted from the PBS and STANFINS files will be protected so that the operator will know the position of the higher level's data base and of the unit's actual position as of the last update. Any changes or transfers of data to this position will be caused by an auditable transaction made by the user and will sum to the user's new position.

## DETAILED DESCRIPTION OF THE PROCESS<sup>2</sup>

This section of this chapter presents a detailed description of the cycle and includes graphic portrayals (Figures III-2, III-3, III-4). The charts and diagrams are for illustration only, to describe the functions and their relationships. The functions are lettered subdivisions with data flows as numeric subdivisions. There are 3 major divisions: (1) HQDA, (2) Operating Agency/MACOM, (3) Installation/Unit. The fourth, Sub-Command, is an additional level, but is similar to the Operating

## **Agency/MACOM.**

The spread sheet region is divided into two areas: (1) system area, (2) user area. The system area is the system input side of the spread sheet. This is the area all inputs are received from external systems (ie: PBS, PBAS and STANFINS). The entire system area is protected from user manipulation.

## **HQDA Functions**

### **1A. MDEP Summary**

a. This function maintains a summary of all Operating Agencies for the MDEP. It also shows the start balance (total MDEP Army Level), and the distribution by Operating Agency with an ending control. A positive ending control indicates withheld distribution; zero indicates a complete distribution; and a negative balance will generate an entry in the function- Unfinanced Requirement (UFR).

#### **b. Inputs**

- (1) Program Budget System Control File (1.1)
- (2) Operating Agency Ending Balance (1.5)

### **1B. Operating Agency Detail**

a. This function displays the beginning balance of the particular Operating Agency or MACOM on which the user is working. The detail function displays the beginning and the ending balance which is a result of the changes posted in the distribution audit trail function (1F). The purpose of this function is to permit the user to see the total by appropriation within the MDEP as the changes are made. The ending balance by appropriation then feeds the MDEP Summary (1A) and the Appropriation Controls (1D).

#### **b. Inputs.**

- (1) Distribution Changes (1.6)
- (2) Operating Agency PBG file (1.2). This file contains the beginning balances from the previous distribution. A new beginning balance will be generated only by request of the User.

#### **c. Outputs.**

(1) Ending Balance (1.5). The ending balance by Operating Agency Appropriation, Program, Subprogram will be reflected in the MDEP Summary.

(2) Ending Balance (1.7). The ending balance will be reflected by OP Agency and Appropriation in the Appropriation Summary.

(3) New Operating Agency File-PGB (1.2a). The New Operating Agency PBG file establishes a new beginning balance for the next cycle

# 1. HQDA FUNCTIONS

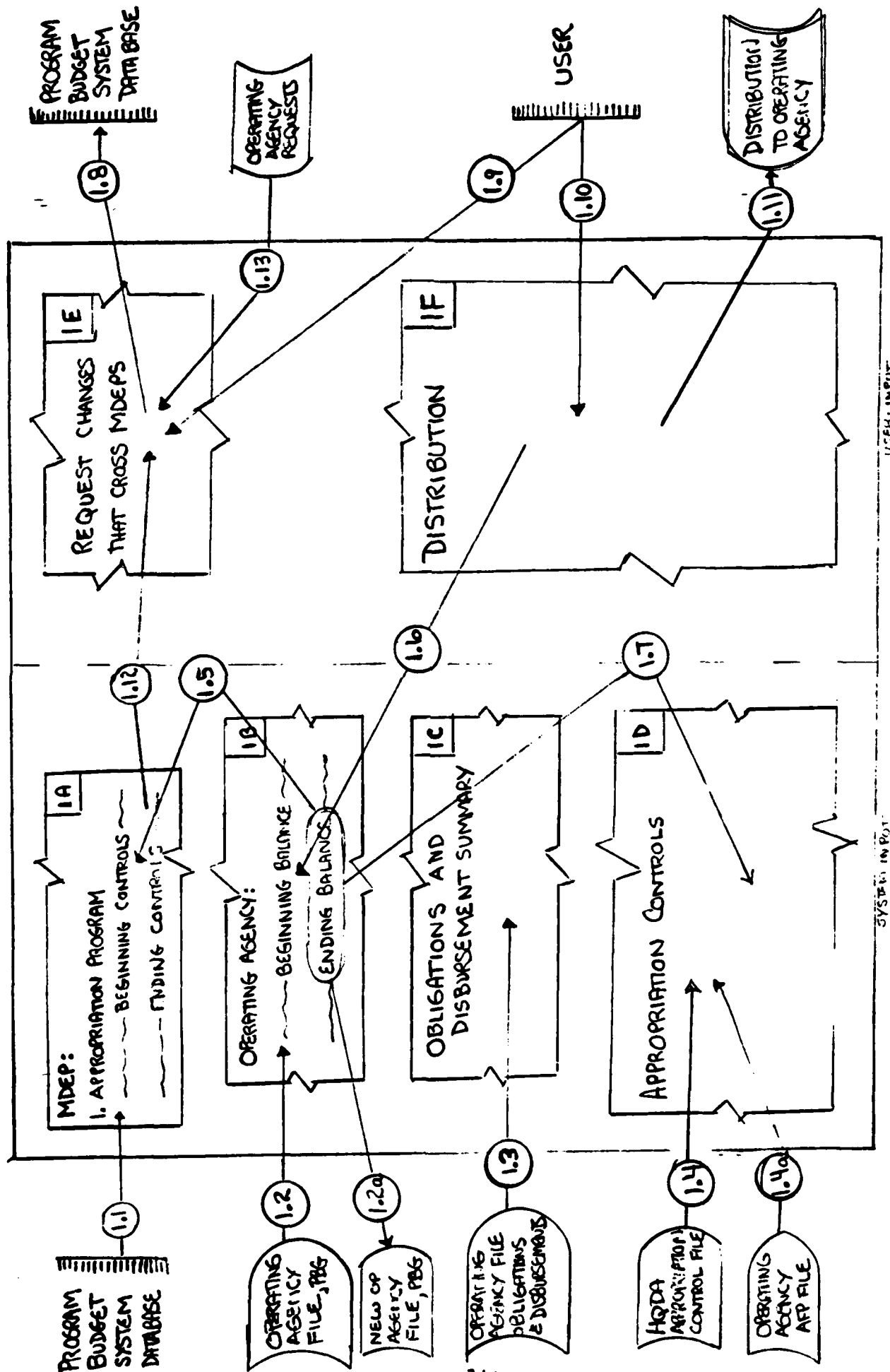


FIGURE 111-2

from this cycle's ending balance. This file is only generated by request from the user. Until this request, the beginning balance and distribution is retained on file and are loaded together each time the user wishes to work on the Operating Agency/ MACOM.

**1C. Obligations and Disbursement Summary.**

a. The Obligation and Disbursement Summary is an entry to depict the Obligations and Disbursements for the Prior Year and Current Year for the MDEP at Appropriation, Program, Subprogram level of detail.

**b. Inputs.**

Operating Agency File: Obligations and Disbursements (1.3) are loaded into this function. This file is provided by each Operating Agency.

**1D. Appropriation Controls.**

a. This function displays the total Appropriation summarized by Operating Agency, MDEP, Appropriation, Program and Subprogram. The sum of the Operating Agencies subtracted from the Total Annual Funding Program cannot exceed the respective Appropriation. The Appropriation Controls are as determined by the Program Budget Accounting System and include the Prior Year and Current Year. This function by definition must cross MDEP lines in order to provide the user with the boundaries in which they must work.

When an Appropriation Control total is exceeded; the user must be made aware of this situation. This may be accomplished by a message and/or audible tone but prior to the user's quitting the session. In fact the user must consciously quit the session with these totals exceeded. (i.e. "You have exceeded an Appropriation, are you sure you want to quit? Y or N")

**b. Inputs**

(1) Appropriation Control File (1.4). This file is input from PBAS. It contains the official controls by which the user is legally bound to abide.

(2) Operating Agency by Appropriation (1.4a) This file contains the Annual Funding Program for each Operating Agency by Appropriation by MDEP. As changes are made, this file is updated to reflect the changes.

(3) Operating Agency End Balance (1.7). The ending balance will be entered into the Appropriation Control function for Prior Year and Current Year to reflect the current distribution.

**1E. Request for Changes that Cross MDEP.**

a. This function is the methodology by which the user will request changes that cross MDEPs. This function also reflects the request for Unfinanced Requirements (UFR). Approved requests are input into the Program Budget System data base via a change transaction. UFR requests will also be processed through PBS.



**b. Inputs.**

(1) USER (1.9). The user enters desired changes and/or indicates whether or not Operating Agency requests (1.13) are approved.

(2) Unfinanced Requests (1.12). Any balance in 1A. that is less than zero must generate an unfinanced request in this function.

(3) Operating Agency Requests (1.13). Each Operating Agency has the capability to submit unfinanced requirements or request changes between MDEPs. These requests are fed into this function.

**c. Outputs**

Change transactions (1.8). Any approved UFR or change between MDEPs will generate a change transaction to the Program Budget System database. The change transactions will be generated by the computer and not manually prepared.

**1F. Distribution.**

a. This function distributes an MDEP, funds by Operating Agency and maintains an audit trail of all transactions against the MDEP. Any changes posted in this area will be reflected in 1B. Operating Agency Detail. Any changes between Operating Agencies will be computed in this function. Therefore, it will be necessary to hold any transaction that impacts another Operating Agency until that agency is included. Failure by the user to bring the Operating Agency into the system will cause that Operating Agency to be brought in and updated prior to letting the user exit. The transaction file or audit trail will be the input to the Operating Agency/MACOM.

**b. Inputs.**

The user inputs distribution to the Operating Agency.

**c. Outputs.**

(1) Operating Agency Detail (1.6). Any distribution transaction will cause a change in the Operating Agency Detail Ending Balance. However, the transaction will not physically appear in the Operating Agency Detail Sub Area; it will only physically appear in the distribution area.

(2) Distribution to Operating Agency (1.11). This file becomes the change input into the Operating Agency. It provides the necessary information to the Operating Agency on why the transaction was made and the ending balance changed.

**Operating Agency/Macom Functions**

The Operating Agency/MACOM level is similar to HQDA with the exception that it can't be assumed that there is a data base like HQDA's

## 2. Operating Agency/MACOM Functional

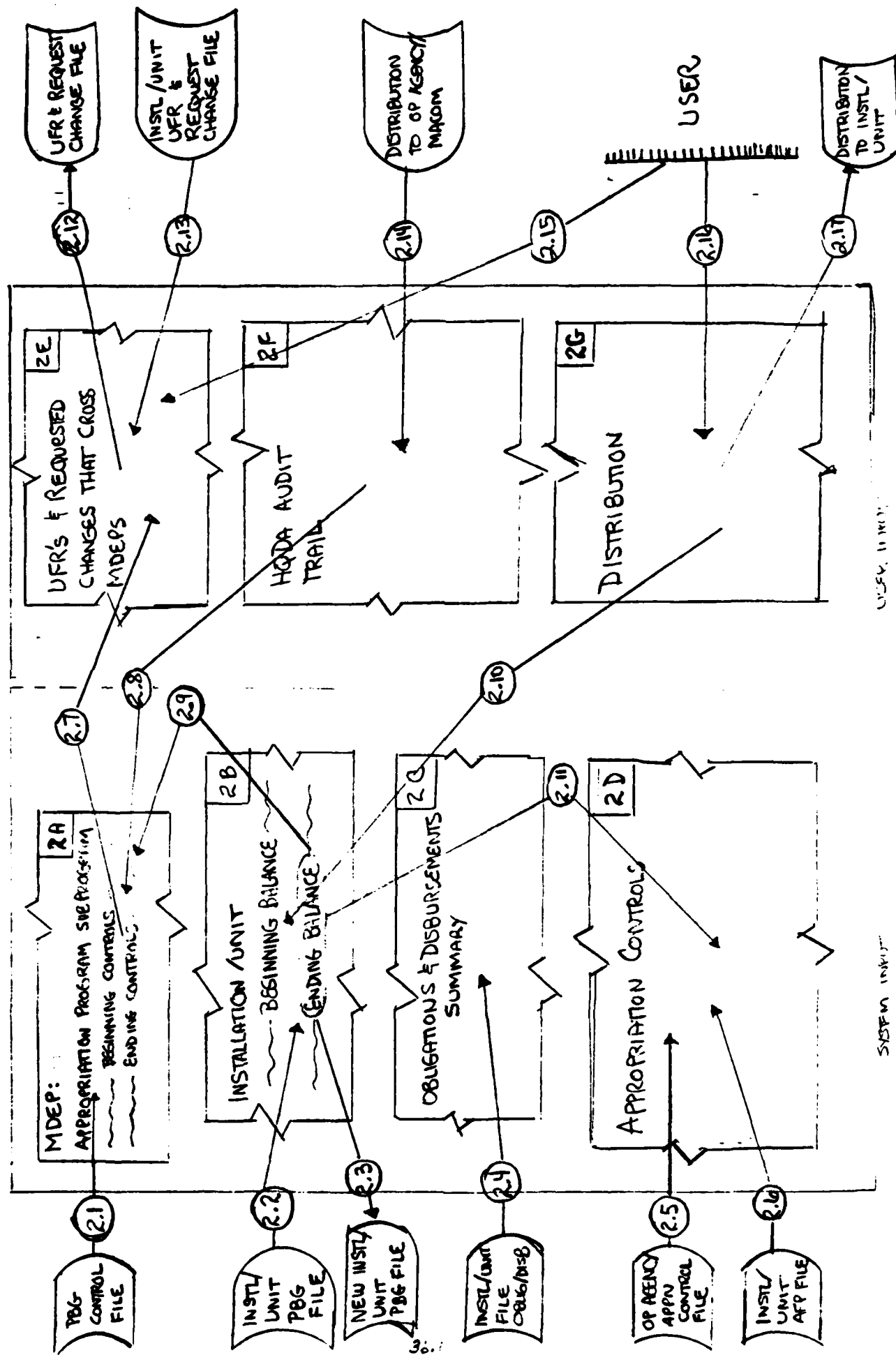


Figure 11-3

PBS. There is also an additional function called HQDA audit trail which is explained in further detail below. In most cases, the Operating Agency/MACOM distributes guidance to Installations and Units. There are, however, several Operating Agencies that distribute their guidance to Sub-Commands. The level of detail given these commands is the same as that given to the Operating Agency, down to Subprogram and letter account in the case of Base Operations.

#### **2A. MDEP.**

a. The summary guidance by MDEP is received from HQDA on diskettes. There is a work sheet file for each MDEP transmitted. In this function the user loads the new file(s) and reviews the new guidance. At the time of loading, the Audit Trail (2F.) is also loaded reconciling the previous ending balance plus the transactions in the Audit Trail (2.8) giving the new beginning Controls. These Controls must agree with the controls on the HQDA PBG Control file.

After the MACOM distributes the guidance to the Sub-Commands or Installations/Units (2.9), a new ending control is reached. There are three possible conditions:

(1) Ending Control equals zero. All resources have been distributed. No action required.

(2) Ending Control is greater than zero. The Operating Agency has withheld funds from its subordinates. No action required.

(3) Ending Control is less than zero. The Operating Agency has an unfunded requirement. Action Required: The user will be prompted that the controls have been exceeded. The user will be given a choice of either redoing the distribution or generating a UFR. This UFR (2.7) will be input to function 2E. Now the user must be prompted as to which transactions will be tied to that UFR. In other words, the user cannot exceed controls in distribution (UFRs are not distributed).

#### **b. Inputs**

(1) HQ DA PBG Controls (2.1)

(2) HQ DA Audit Trail (2.8)

(3) Installation/Unit (or SubCommand) ending balance (2.9)

#### **c. Outputs**

UFR (2.7)

#### **2B. Installation/Unit detail.**

This function is to distribute a sub-set of the controls in 2A. above to the Installation or Unit. The ending balance from the old (previous) cycle becomes the beginning balance for this cycle. As the distribution (2.10) is added to the beginning balance, a new ending balance will be established. Once the user saves this balance, (the Installation/Unit detail), then the ending balance is recorded in 2A. (2.9). Each time the Installation detail is entered into the spread sheet, its

corresponding audit trails must also be entered. When the guidance is issued, then as at HQDA, a new beginning balance is established and the audit trails are zeroed out (the audit trails are saved prior to zeroing out). A copy of the final audit trails are sent with the guidance to the field. The ending balance is then recorded in the Appropriation Controls (2.D) by appropriation to insure compliance with the Annual Funding Program.

**b. Input**

- (1) Installation /Unit PBG File. (2.2)
- (2) Distribution Audit Trail (2.10)

**c. Outputs**

- (1) New Installation/Unit PBG File (2.3)
- (2) Ending Balance to MDEP Summary (2.9)
- (3) Ending Balance to Appropriation Control (2.11).

**2C. Obligation & Disbursement Summary.**

**a.** This function takes each Installation/Unit's Obligations and Disbursements for the Prior and Current Years and Summarizes them to the Subprogram and Base Operations Letter Account. The Installation/Unit's Obligations and Disbursements are entered each time the Installation/Unit's PBG Files are entered or at the request of the user.

**b. Inputs.**

Installation/Unit Obligation and Disbursement files (2.4)

**c. Outputs.**

Each Installation/Unit Obligation and Disbursement File is loaded and rolled up to Operating Agency, Subprogram and Base Operations Letter Account during the reporting cycle.

**2D. Appropriation Controls.**

**a.** This function tracks each appropriation and the distribution of Current and Prior Years against the controls. Each MDEP is summarized at the appropriate level of detail to provide the user with the ability to cross check the distribution of resources against the Annual Funding Program. The Annual Funding Program is maintained at Operating Agency level of detail with the distribution at Installation Level of detail. If the sum of the Installation level distribution exceeds that of the respective Appropriation in a given FY, then the user must be alerted as at HQDA level.

**b. Inputs**

- (1) Operating Agency/MACOM Annual Funding Program (2.5)
- (2) Installation Unit Annual Funding Program (2.6)
- (3) Ending Balance by Installation/Unit (2.11).

**2E. Unfunded and Requested Changes that Cross MDEP.**

**a.** As described earlier, distributions which exceed the Operating

Agency's Controls in 2A. upon user's request may be automatically entered as a UFR. Also any changes that cross MDEP's are entered by the user. During the reporting cycle, this section will be rolled up to Operating Agency, MDEP level of detail.

**b. Inputs**

- (1) UFR's (2.7)
- (2) Installation USER Requests and UFRs (2.3)
- (3) USER (2.15)

**c. Outputs**

- (1) UFRs and Requests for change file (2.12)

**2F. HQDA Audit Trail**

**a.** This function documents the changes to the controls in 2A. since the last cycle of guidance. This is entered by MDEP when the user is reviewing guidance and is always present when the user is working the MDEP. These transactions are reflected in 2A. by adding to the Ending Controls from the cycle generating the Beginning Controls.

**b. Inputs**

Distribution to Operating Agency/MACOM Audit Trail (2.14)

**c. Output**

Audit trail to 2A. (2.8)

**2G. Distribution**

**a.** This is the user's work area for generating transactions for distributing guidance to the Installation/Unit Level. The transactions become the audit trail to document the changes in the Installation/Unit's guidance. These transactions are logically posted against the beginning controls generating the remainder left undistributed. If a transaction causes the control to be exceeded, and the user opts for this transaction to be a UFR, it remains as a transaction but is not added.

**b. Inputs**

USER

**c. Outputs**

- (1) Distribution Transactions (2.10)
- (2) Distribution Audit Trail to Installation-Activity (2.17)

**Installation/Unit Functions**

The Installation/Unit is the level with the most detail. The Director of Resource Management (DRM) is using all 11 positions of the Army Management Structure Code, Element of Expense and MDEP. This is also the level where the execution begins and the reporting of obligations and disbursements are initiated.

### 3. INSTALLATION/UNIT FUNCTIONS

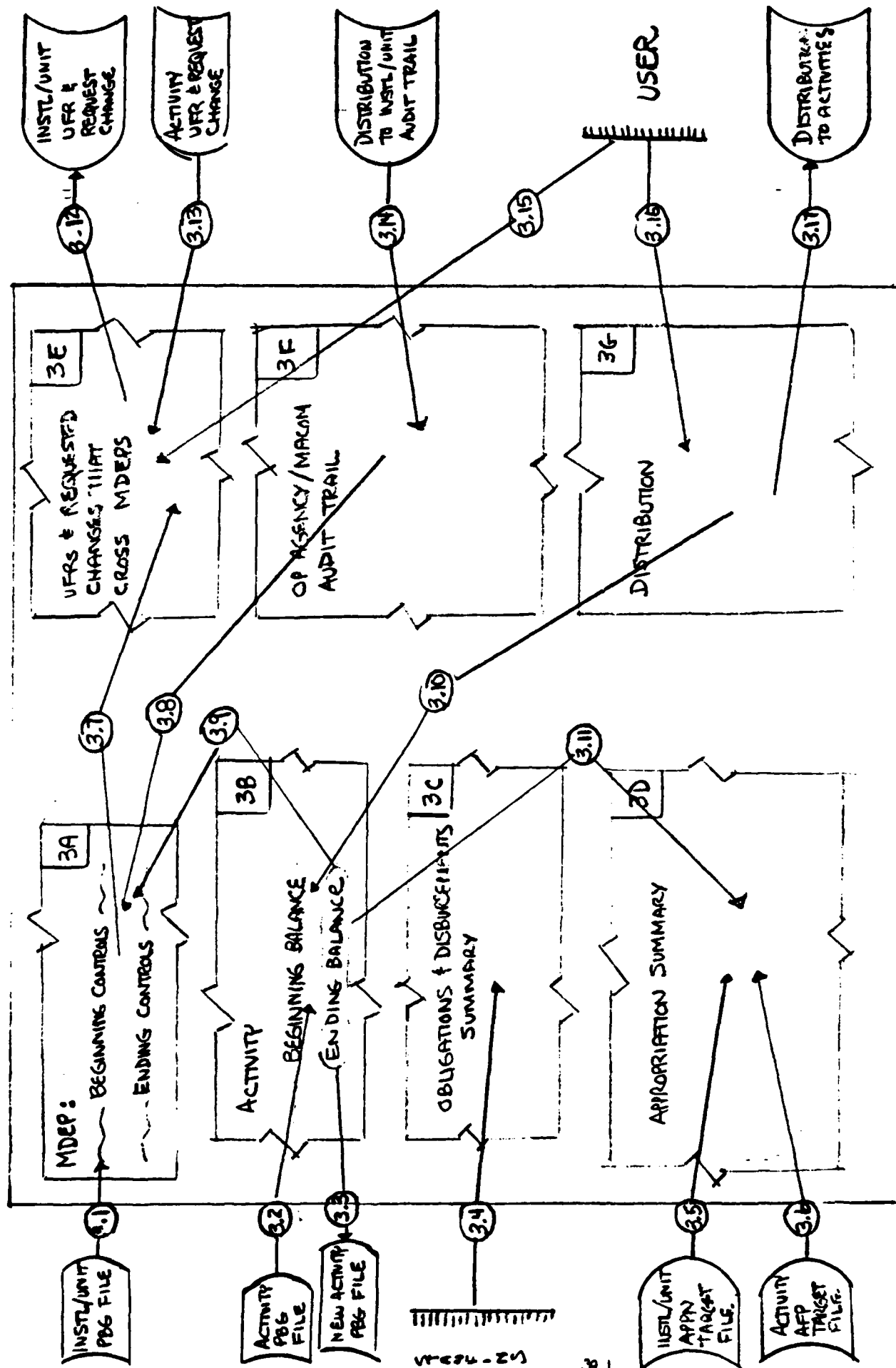


FIGURE III-4

### **3A. MDEP.**

This function is about the same as the Operating Agency/MACOM. The Installation receives the new guidance, and the ending controls from the previous cycle become the beginning controls for this cycle. The Operating Agency/MACOM's Audit Trail is added to the beginning controls generating the new ending controls. These new ending controls must agree with the Operating Agency/MACOM transmitted in its Guidance. Lack of agreement means that the data bases are out of synchronization. This problem will have to be resolved prior to continuing. Once these controls balance then the summary level (a level of detail that equals the level of detail in the Guidance) of distribution from 3B. is posted against the ending control. When the ending control, less the summary distribution equals zero, then there is a complete distribution, positive amount is a withholding and a negative amount gives the user the option to generate a UFR or the ability to go back and redistribute. This function, as in the upper levels, shows the user his ending controls and each activity to which resources have been distributed in the controls and the balance remaining.

#### **c. Inputs**

- (1) Installation/Unit PBG File (3.1)
- (2) Operating Agency/MACOM's Audit trail (3.8)
- (3) Activity detail Ending Balance (3.9)

#### **d. Outputs**

- UFR (3.7)

### **3B. Activity Detail**

a. The DAM loads an Activity's file for distribution. This gives the user the Activity's beginning balance against which all distribution will be posted. The transactions from the distribution function (3G.) are then posted against the Activity's beginning balance. Once the user is satisfied with the distribution, the Ending Balance is recorded against the MDEP and Appropriation Summary. (Note: during distribution the user needs to know whether or not a given transaction will generate a UFR or exceed a target. Therefore, during Distribution, the totals need to be recalculated).

#### **b. Inputs**

- (1) Activity PBG File (3.2)
- (2) Distribution Transactions (3.10)

#### **c. Outputs**

- (1) New Activity PBG File (3.3)
- (2) Ending Balance by MDEP (3.9)
- (3) Ending Balance by Appropriation (3.11)

### **3C. Obligations & Disbursements.**

a. This function is the origination of the Obligation and

Disbursement data for the upper levels. As the data are made available from STANFINS, the Obligation and Disbursements will be provided the DRM for the MDEP analysis as to how the command is executing its Program and Budget. Once again these data will be viewed in two different ways, by MDEP and by Appropriation. This is particularly critical at this level because it will provide the DRM the necessary information for developing the command's Resource Management Plan.

**b. Inputs**

STANFINS (3.4) Prior and Current Year Obligation and Disbursement data

**3D. Appropriation Summary**

a. This function gives the DRM the targets which control execution. It forms the basis for comparison of the distribution of resources and provides an additional parameter for the current year. Each appropriation target in this function is compared with the sum of the Installation/Unit's Activity's Ending balances. If the target is exceeded, the distribution is greater, then the user must be notified for appropriate action. This action is off line from this system other than to adjust the distribution to balance with the control figures.

**b. Inputs**

(1) Installation Unit Appropriation Target File (3.5)

(2) Activity's AFP Target File (3.6)

(3) Ending Activity Detail Balance by Appropriation (3.11)

**3E. UFRs and Request for Changes that cross MDEP.**

a. This function provides the methodology for the Installation/Unit to request additional funds (UFR) or document the correct funding levels in MDEPs by offsetting entries in two or more MDEPs. These changes are summarized at Installation level and sent to the Operating Agency/MACOM. The request changes and funded UFRs will enter the system through the next distribution cycle. This is the method the Installation/Unit will obtain additional funds and document the current distribution among MDEPs. This function also calls for input from the activities. This input is the method the activities report to the DRM their funding requirements and changes. If the DRM can fund an activity's UFR or Request for Change in MDEPs with existing resources then the UFR or request is honored at that level and documented through the distribution or Installation's request for change.

**b. Inputs**

(1) UFRs from the Installation/Unit's MDEP (3.7)

(2) Activity UFR and Request Change File (3.13)

(3) User (3.15)

**3F. Operating Agency/MACOM Audit Trail**

a. This function provides the documentation of the change in



Guidance in 3A. Transactions from this function are logically added to the Installation/Unit's beginning controls deriving the ending controls. This provides the cross check to insure that the Installation/Unit and Operating Agency/MACOM are in balance and have the same data.

b. Inputs

Operating Agency/MACOM Audit Trail (3.14)

c. Output

Transactions to MDEP (3.8)

3G. Distribution

a. This function provides the Installation/Unit's distribution to the Activities. The user enters the desired transaction and it is logically transferred to the Activity detail (3B.). Each transaction is saved providing an audit trail of all changes. Once the guidance is finalized the transactions (audit trails) are saved to diskette for future reference.

b. Inputs

User (3.16)

c. Outputs

Distribution to Activity Audit Trail (3.12)

### SYSTEM OUTPUTS

A potential system output for a specific MDEP reflecting Obligations, Disbursements and Performance is shown at figure III-5. The same output can be used at all levels with the greatest detail available at the Installation/Unit level. A summarized MDEP would be the level of detail applicable at HQDA.

### STANFINS Accounting Support<sup>3</sup>

STANFINS, as the Army's standard accounting system (except for AMC), will provide OORMS inputs at the installation level as depicted in the general description of the process. STANFINS will serve as the official record for the data submitted through the diskette to MACOMs and subsequently HQDA. Figure III-6 depicts the STANFINS Report format to be used at the installation. It shows Obligation and Disbursement data by MDEP at the AMSCO level of detail. Refinement of the data and analysis at the Installation/Unit prior to submission will be accomplished in the micro-computer component of OORMS. Assumptions and factors driving the STANFINS format are listed below:

# SARVICE MDEL SYSTEM NTFIT

1 MDEF:

OPERATING AGENCY:

ALIGNMENT SERIAL #:

UNIT:

ACTIVITY:

APPN PROG SUBPROG ANSCO EOE

2. OBLIGATIONS:

TOTALS

3 DISBURSEMENTS:

TOTALS

4. PERFORMANCE:

FACTOR

WORKLOAD

PRY

DOLLARS

CIN ES

MILES

CY

DOLLARS

CIN ES

MILES

BY

DOLLARS

CIN ES

MILES

P1

DOLLARS

CIN ES

MDEP.....DMNT  
OPERATING AGENCY.....76  
ALLOTMENT SERIAL NUMBER.....7234  
UNIT.....W1B266  
ACTIVITY

DATE 31 DEC 85

APPROPRIATION	PROGRAM	FSN	AMSCD	EOE	OBLIGATION AMT	DISBURSEMENT AMT
2142020.0000	202696	841093	202696.01810	2611	3,456.19	
			202696.01820	2612	18,652.31	
			202696.01800	26	22,108.50 *	
			202696.01	26	57,662.18 **	
			202696.0	25	75,204.99	
				26	114,586.99	
				31	82,580.00	
					272,371.98 ***	
2142020.0000	202696			25	75,204.99	70,664.20
				26	114,586.99	97,182.30
				31	82,580.00	88,682.00
					272,371.98 ***	249,546.50
2152020.0000	202696	841093	202696.01810	1121	250,009.50	
				1161	14,172.18	
				1162	12,453.20	
				11	276,134.88 *	
				1271	3,750.00	
				1272	18,616.20	
				12	22,566.20 *	
				2199	12,606.15	
				21	12,606.15 *	
				2011	415,864.20	
				2643	19,228.09	
				26	435,092.29 *	

9-11 11-6

1. MDEP monetary amounts for base operations accounts will be memorandum data on installation level funding documents.
2. Installation level obligation targets distributed to program/activity directors will be identified by the memorandum MDEPs on the installation funding documents.
3. The MDEP code will be perpetuated in the installation accounting and reporting system.
4. The MDEP will be identified by a four position alpha numeric code. Local requirements will be satisfied within the existing STANFINS program/activity director code structure.
5. MDEP status reporting to MACOMs will be monthly.
6. MDEP reporting for prior and current year obligations and disbursements will be at the following detail levels:
  - a. Obligations. Report by EOE within detailed AMS account and appropriation with summary totals by object class at summary AMSCO levels, and subprogram within appropriation.
  - b. Disbursements. Report by object class within subprogram within appropriation.

### SUMMARY

The OORMS distribution and reporting system, keyed to the MDEP, is being developed for implementation in FY 86. This automated process is being built to retain the improved focus of decision making at all management levels, while still providing the traditional vertical appropriation displays to external Army agencies. To do this, standard data displays will be utilized at all operating levels and forwarded up and down the management chain on diskettes. The displays will be used with standard software on microcomputers. With them, program package resources (MDEPs), workloads, and projected outputs will be distributed from HQDA to MACOMs and from MACOMs to their subordinate activities. The results of operations in terms of decision package obligations, disbursements and performance will be reported up the chain of command for review and analysis.

## **CHAPTER III**

### **ENDNOTES**

**1. The General Description of the process has been adopted from a draft performance work statement, prepared by CPT Stewart Aull, OCOA, to solicit bids for contractor support to automate the OORAMS process, using micro-computers.**

**2. The Detailed description of the process has been adopted from a draft performance work statement, prepared by CPT Stewart Aull, OCOA, to solicit bids for contractor support to automate the OORAMS process, using microcomputers.**

**3. Assumptions and factors pertaining to STANFINS support for the MDEP process were provided by Col Johnson, Chief, Installation Accounting Division, Office, Assistant Comptroller of the Army (Finance & Accounting), Indianapolis, Indiana.**

## **CHAPTER IV**

### **FINANCIAL & LOGISTIC SYSTEMS INTERFACES**

The primary objectives of Army accounting systems are twofold: (1) reporting the results of financial operations as a basis for determining legal and administrative compliance as established by authorization and appropriation acts, and (2) providing management with financial data for internal control and management needs. These goals are achieved through the summarization of recorded financial data. In order to meet these reporting and information requirements, the Army's accounting systems must obtain segments of this relevant information from other Army systems, particularly those related to the supply (or logistics) functions.

#### **FINANCIAL/LOGISTIC SYSTEMS RELATIONSHIP TO PPBES<sup>1</sup>**

Financial information for management at all levels is derived from several sources. Figure IV-1 depicts the phases of PPBES and the system source for the input to Budget Execution (Accounting) phase to ensure that appropriate output is available for Army planners and programmers. Financial systems provide Budget Authority input (indicating funds are received by the entity authorized to incur obligations) and record when the outlay (disbursement of public funds) is accomplished. Interfaces between accounting and logistics systems are required to record when inventory or material is received and the cost (actual consumption of resources) is incurred when inventory is actually used. The performance measurement function, wherein the use of resources is tied to workload accomplishment, is a manual input today, at best. The objective of the OORMS is to link this performance measurement function with the budget execution phase of PPBES, and thus to the eight year MDEP. It is clear that the logistic and financial systems interfaces are essential to providing relevant information at all management levels.

The interfaces facilitate compliance with accounting principles that match the delivery of services with the cost of services. They provide management with consistent information to compare program/service

# LOGISTIC/FINANCIAL SYSTEMS RELATIONSHIP TO PRES

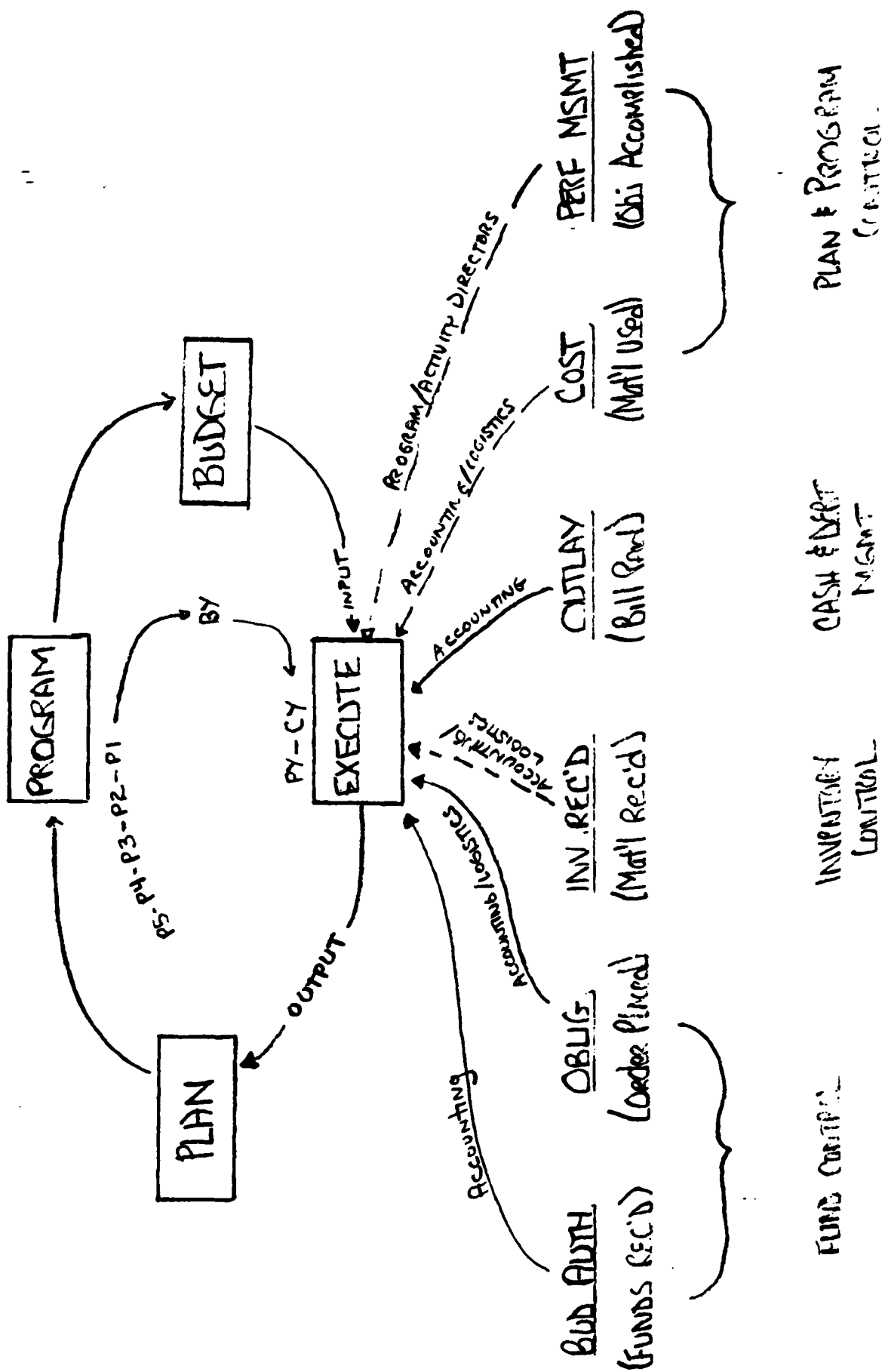


FIGURE IV-1

costs between periods as well as activities.

Cost refers to the financial measurement of resources consumed in accomplishing a specified purpose, such as performing a service, carrying out an activity, or completing a unit or work or a specific project. All significant elements are included in the amount reported as total cost. In this context, cost is the value of goods and services used or consumed by the Army within a given period, regardless of when they were ordered, received or paid for.<sup>2</sup>

### FINANCIAL AND LOGISTICS SYSTEMS<sup>3</sup>

Before discussing the system interfaces, a description of financial and logistic systems is necessary. The interfaces are shown at Figure IV-2.

#### STANFINS (Standard Financial System)

STANFINS performs "consumer fund" accounting. That is, it: records funding authorizations; accumulates and reports on obligations/disbursements against fund authorizations for control purposes; provides breakout to installation, MACOM, and HQDA financial managers of funds, obligations/disbursements by appropriation at prescribed levels of detail. STANFINS serves as the Army's primary formal record of account at installation level for installation level appropriation accounting. STANFINS creates, updates and maintains installation level financial data banks for retrieval of statistical reports, as well as producing the financial reports required by higher authorities.

#### STARFIARS (Standard Army Financial Inventory Accounting and Reporting System)

STARFIARS performs "inventory" and "stock fund" accounting for supply transactions. The inventory accounting entails tracking the value of physical inventories at General Support Units (GSU). Stock Fund accounting relates to recording and processing obligations, receipts and



# LOGISTICS / FINANCIAL SYSTEMS INTERFACES

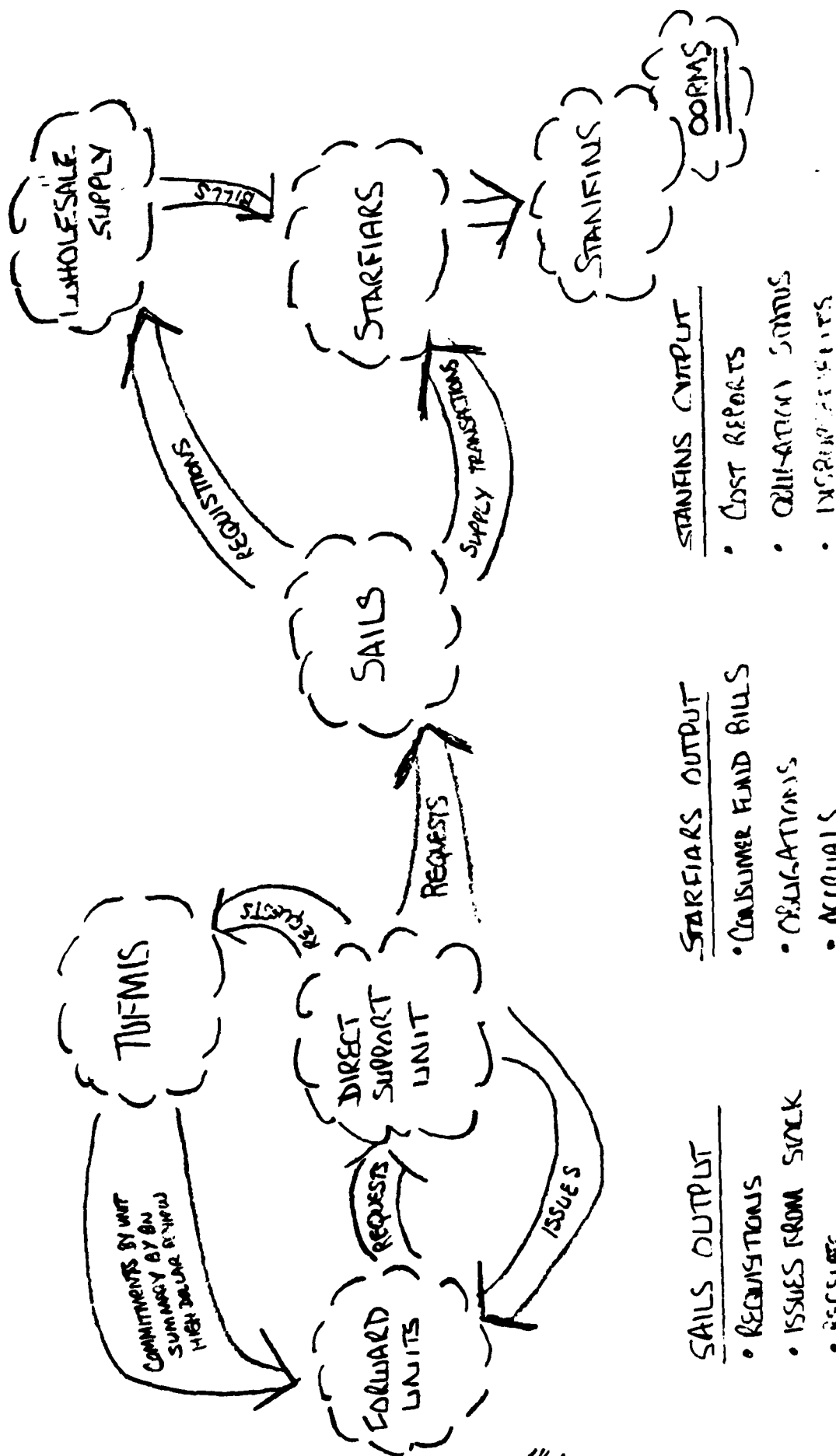


Figure 11-2

payments related to inventory transactions financed by the Stock Fund. STARFIARS provides information to STANFINS for obligation/deobligation of consumer funds. The System also receives billings from the wholesale supply system and processes them through the Stock Fund accounting function for subsequent payments by STANFINS.

#### **TUFMIS(Tactical Unit Financial Management System)**

TUFMIS is an automated MIS that is operated in Direct Support Units (DSU) which receives requests for materiel from tactical units. TUFMIS records inputs and outputs to and from DSUs by supported units/organizations. The System produces daily and cum-to-date reports on commitments for materiel costs by unit and by weapon system. TUFMIS provides reports and information for financial management at the tactical level; however, it is not a formal accounting system with certifiable records. TUFMIS does provide commanders with the dollar value of supply requisitions by unit and the availability of funds to purchase supplies from a higher echelon source.

#### **SAILS(Standard Army Intermediate Level Supply System)**

SAILS is a multicommand, integrated, automated supply and management system designed to accomplish all stock control, supply management, and related management functions between the CONUS wholesale level (DARCOM/GSA/DSA) and the direct supply level systems (DLOGS, DS4, DSU/GSU) for supply classes II, III (packaged), IV, VII, VIII, and IX. The system's storage operations module provides a worldwide standard system to accommodate the functions of stock location, physical inventory, shipment planning, preservation and packaging, surveillance, and inspection of supplies. Additional worldwide processing requirements included in SAILS are provisions for the management of War Reserves and Project Stocks, overseas reporting requirements, and medical supply processing. The system is designed with special features to permit operation in multiple intermediate level supply environments. It currently operates at Theater Material Management Centers, Medical Department Activities, Theater and Area Support Commands, and Corps Material Management Centers, as well as CONUS installations.

#### **DS4(Direct Support Unit Standard Supply System)**

This system is designed to automate stock control and provide

additional asset management capability at the divisional and nondivisional DSU level and at selected GSU sites.

#### Direct Support Unit(DSU)

The DSU receives requests for materiel from tactical units and maintains an OMA-funded inventory based on historical demands. The DSU issues materiel to requesting units if the items are on-hand; if not, it passes unsatisfied requests (and stock replenishment requests) through its General Support Unit (GSU) to its wholesale level supply source. The DSU receives materiel and status notices from its wholesale supply source, advises the GSU and makes issues to requesting units.

#### General Support Unit(GSU)

The GSU receives requests from DSUs for materiel needed to replenish stocks or fill requests not satisfied at the DSU. The GSU insures fund availability, while SAILS and its interfacing financial system, STARFIARS, verify fund availability. The GSU actually fills few DSU requests from inventory because most on-hand GSU stocks are for battle sustainment. Unfilled requisitions are forwarded to the wholesale supply source. The GSU receives status information from the wholesale source and passes it to the DSU.

### FINANCIAL/LOGISTIC SYSTEMS DISCONNECTS

There are certain fundamental financial/logistic systems interface disconnects that impact on the precise accounting and reporting of inventory and materiel received and costs incurred for the Execution Phase of PPBES. These disconnects include;

1. Inventories in DSU/GSU/Depots are not specifically identified by weapons system or, in some cases, program.
2. Issues from DSU inventory are not reported to STANFINS; therefore, STANFINS does not capture materiel (sustaining) costs applicable to issues from DSU inventory.
3. Labor information (military and civilian) for maintaining weapon and other systems is not passed from logistical to financial systems.
4. The coding structures in the financial and logistics systems are

not necessarily the same, making it difficult to ensure a requisition or issue is actually reflected in STANFINS at the appropriate time.

The failure to capture, record and report all "costs" associated with a specific system or mission decision package impacts on the OORMS and its ability to relate resource input and workload performance. Thus, the ability of logistics and financial systems to interface in the near term is important.

### FINANCIAL/LOGISTIC SYSTEMS INTERFACE RESOLUTION

The Financial and Logistics communities have determined that it was in their mutual interest to resolve these system disconnects. The need to derive reliable and consistent information to support Army resource management decision making, particularly in the force modernization arena, became paramount. Thus, the following resolutions were accomplished:

Expand TUFMIS capability to enable identification of DSU issues (as opposed to GSU/wholesale issues), then develop capability to pass this information from TUFMIS through DS4 through SAILS through STARFIARS to STANFINS. TUFMIS or its successor will be the system to interface with current and redesigned logistics and financial systems.

1. TUFMIS is being reconfigured to become the mechanism for integrating information in both the redesigned logistical and financial systems currently on the drawing boards.

2. A logistics/financial systems interface is essential to enable (a) front-end fund control, (b) GAO-mandated property accountability, (c) internal controls, and (d) cost accounting.

Modifications to TUFMIS will:

1. Capture issue transactions from the DSU inventory to the Using Unit (to include identification of weapons systems).

2. Repair parts and other materiel used in the maintenance facility will be identified by weapons system and owning unit.

3. Units owning the equipment being repaired or receiving supplies from the DSU will be charged at a standard price, and the Maintenance Facility or DSU will receive a credit for the same amount.

4. Charge and credit transactions will be processed into current STANFINS or STANFINS-Redesign.

5. Budget projection based on historical data will be supported.

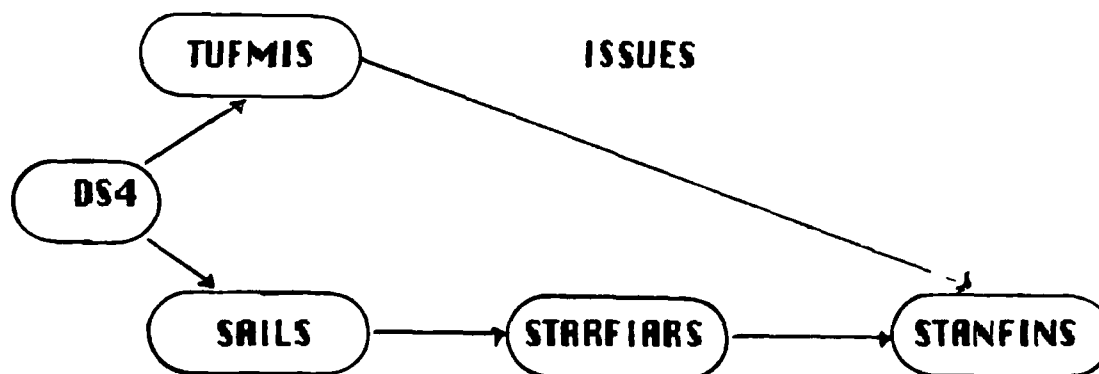
6. Dollar values (in accordance with GAO accounting standards) of inventory in the DSU or Maintenance Facility will be available.

7. Cost of inventory in the DSU and repair parts in the maintenance facility will continue to be charged to OMA without identification to weapons system.<sup>4</sup>

#### Financial/Logistic Systems Flows

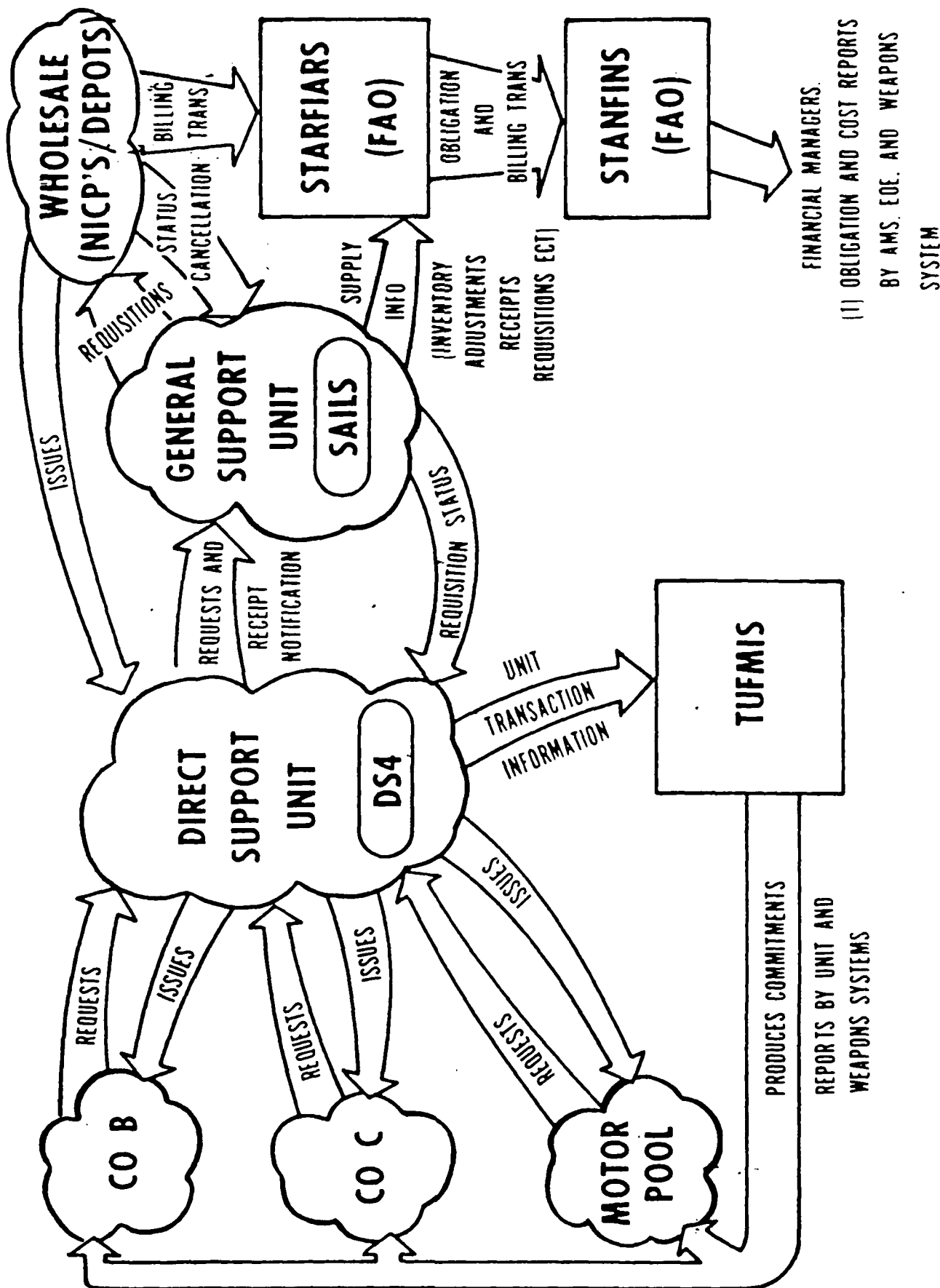
The chart at Figure IV-4 depicts the overall system relationships and flows that should exist so that the accounting system can reflect costs, or expenses incurred, obligations and disbursements. Data captured within the system are actual expense data, indicating consumption of resources versus obligation data. Thereby the management reporting and fiduciary reporting responsibilities, inherent in the system, are met.

The chart at Figure IV-5 depicts the current retail logistics and financial systems. There is a key interface missing. The resolution of this interface described above will ensure the timeliness of expense (cost) data being incorporated into the accounting systems. The proposed interim architecture is shown below.



**SYSTEM INTERIM ARCHITECTURE**  
**Figure IV-3**

It should be noted that installations without tactical units have an Installation Supply Division that operates SAILS that performs an interface process with STARFIARS.

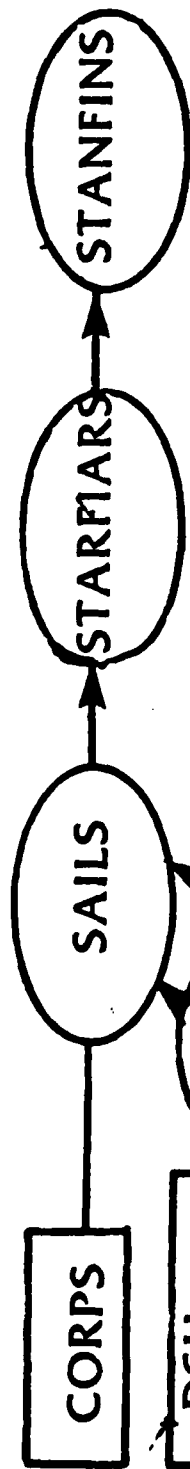


(1) OBLIGATION AND COST REPORTS  
BY AMS, EOE, AND WEAPONS  
SYSTEM

FIGURE 10-4

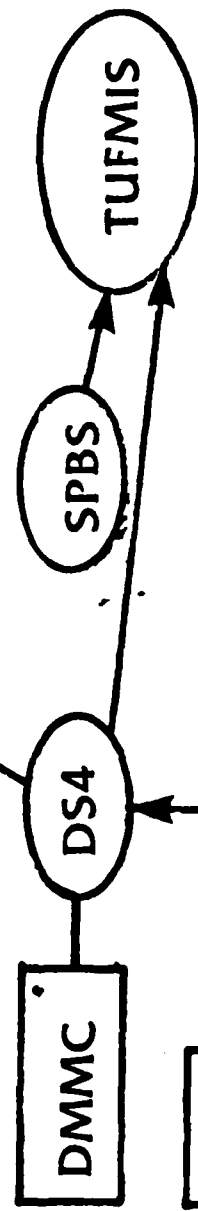
# CURRENT LOGISTICS & FINANCIAL SYSTEMS

XXX



ITASC  
OR VIABLE

XX



DAS3

MANUAL SYSTEM

UNIT

NO COMPUTER



### **Stock Fund Cash**

A corollary issue impacting on Financial and Logistics systems interfaces is the management of Stock Fund cash and obligations in the operation of the supply function at the installation level. The supply system manager cannot ignore the impact of this control on his operations. Every requisition submitted must consider fund availability and its impact on the cash position of the Stock Fund. If category/commodity managers are not relating stockage levels to customer demands, sales (issues) will not materialize. When sales decline, the cash balance is adversely affected and further requisitioning may be limited by a lack of "cash." The end result is that cash acts as a control on procurement by preventing procurement actions when those transactions could cause the accounts payable to exceed the cash balance.

### **SUMMARY**

Properly functioning financial and logistic system interfaces are an integral part of OORMS. Supply transactions represent a significant portion of the Army's program and budget. To make the right decisions on weapons systems and other intensively managed programs, the appropriate data must be recorded and reported for the applicable decision package.



## **CHAPTER IV**

### **ENDNOTES**

1. This chart was developed by COL Johnson and members of the Installation Accounting Division, ACOA (FA). The chart is based on the US General Accounting Office, "Managing The Cost of Government-Building an Effective Financial Management Structure." Vol. II. March, 1984.

2. Ibid., p. 1-3.

3. Definitions of the interfacing systems were compiled from three sources:

a. US Department of the Army. Special Text 14-165 Part I Military Accounting, Finance School, Fort Harrison, IN, Chapter 6.

b. US Army War College. Army Command and Management: Theory and Practice, Carlisle Barracks, PA, Chapter 17.

c. Logistic/Financial System Briefing Charts, Installation Accounting Division, ACOA(FA), Indianapolis, In., January 1985.

4. Information concerning interface resolution was obtained from an ACOA (FA) internal information paper on the subject, dated January, 1985.

## **CHAPTER U**

### **USING RESOURCES (INPUTS) TO ACHIEVE THE DESIRED ARMY RESULTS (OUTPUTS)**

Beginning in 1985, under the Standard Installation Organization concept, the Comptroller is being reorganized as the Installation Director of Resource Management (DRM) with responsibility for management of the installation's dollars and manpower. The DRM will also be responsible for overall coordination and synchronization of all installation budget preparation and execution. Within this guidance, the DRM staff has been told by LTG Noah, Comptroller of the Army:

We can't afford to be just a program analyst, a budget analyst, a management analyst...an accountant or an auditor...we have to think and be resource analysts and integrate all of our disciplines to provide the best possible service to the Army's leadership at every level of the chain-of-command.<sup>1</sup>

A structured planning, programming and budgeting process is necessary for evaluating and choosing among program alternatives. The budget, in turn, must be prepared on the same basis as the accounting and reporting functions to allow for meaningful comparisons between planned results and actual results in a comprehensive manner. Incorporating performance measurement into the PPBES provides the capability to relate program decision package costs with output to determine if objectives are achieved at an acceptable cost. Analysis of how costs change in proportion to output assists future program planning. This chapter addresses the role of the Finance and Accounting community as resource analysts.

### **THE ROLE OF THE FINANCE & ACCOUNTING OFFICER<sup>2</sup>**

It is incumbent upon the Finance and Accounting Officer and his staff, including the installation accountant, to help management make

better use of its resources. The Finance Office, with its books of original entry, has the requisite data to support the COA's cross-discipline mandate. This capability to support the feedback mechanisms in existence at the installation level, while satisfying requirements for higher headquarters, is an inherent responsibility of the Finance and Accounting Officer.

Initiative is required to eliminate the "voids" and "stovepipe" perspectives into which individual "disciplines" tend to constrain the analyst. The data available from the F&AO "books of account" can be used to:

1. Tie resources (dollars) to installation management functions;
2. Identify increased resource requirements in the outyears caused by new missions, increased scope of operations, or increased operating costs;
3. Support organization and installation level linkages between the key activities that make up a planning, programming, budgeting system relevant for management purposes;
4. Provide data to establish performance parameters for evaluation; and,
5. Provide cost estimating data--to translate requirements of the planning process to dollars for the resource management process.

Resource management systems must be able to support the management processes, both from a horizontal view of resources (ie: HQDA program packages) to the vertical view of resources in the strict appropriation structure applied at the installation. This horizontal and vertical management visibility must be retained throughout all phases of the PPBES and the chain of command so that program outputs can be identified with the inputs--from a workload perspective--with the linkage (MDEP) between program, budget, and execution years.

OORMS is being instituted to permit the control of resources while allowing installation managers to align resources among "mission decision packages" to meet operational requirements. The focus will be on output achieved and resources consumed, rather than what the budget predicted. OORMS incorporates performance measurement and analysis at the installation. Performance factors, when related to resources and workload, can be effective management indicators and allow the building of workable relationships between funding and performance (output).

This process will, over time, involve significant changes in our financial systems. These changes now under development will foster the control of resources by the same orientation previously used in budgeting, programming, and costing. However, we need to take action now. We cannot judge budget execution success on traditional

obligation rate indicators, but rather whether resources allocated were sufficient to meet program objectives in light of a standard installation structure. The focus must be on output achieved and resources consumed, versus what the budget predicted.

- The Finance and Accounting community must support this operational feedback process. It must move beyond the primary emphasis on fund control which causes managers to concentrate primarily on the current year rather than resource implications for the future.

### Resource Analysis by the F&AO

The Finance and Accounting Officer can effectively support COA initiatives to develop an output-oriented resource management focus now and in the future. In addition to the actions discussed above, the Finance and Accounting staff can:

1. Provide increased analysis of available financial information in the "system" by:

a. measuring the flow of commitment and obligation documents processed by supported organizations. Knowing how much time it takes to "book" an obligation is essential to current financial status.

b. performing detailed obligation reviews in terms of costs expended for personnel, supply operations, commercial payments, housing and engineer operations. These costs must be related to workload on a trend basis.

c. analyzing the status of activity receivables and installation reimbursable operations. Has the mission, in terms of workload, been accomplished?

d. reviewing stock fund financial operations with special attention given to the relationship between stock fund and OMA dollars being expended. The Finance and Accounting Officer must consider all financial implications of the requisition process on installation resources.

e. monitoring prior year funds and their relationship to installation programs;

f. understanding the local Army Management Structure (AMS) construct to include what managerial reports in STANFINS and other systems can be developed to support the PPBES cycle.

2. Preparing the installation for future resource management changes by:

a. building an AMS-to-AMS Redesign crosswalk table and using it to support local management information needs;



## **Interpreting the Results of Operations**

The F&AO and his accounting staff must remember the full definition of accounting: "The art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are of a financial character, and interpreting the results thereof."<sup>3</sup> The key term is "interpreting": "analyzing reports to obtain information concerning the financial operations of an organization. Reports for a particular period may be used for study of the significant financial events of that period and may also be compared with previous reports to determine significant trends."<sup>4</sup>

Each Army installation/organization must have a properly constructed management mechanism to provide feedback data to management on a consistent basis in the manner in which it conducts its business.

## **Performance Measurement**

As discussed in previous chapters, OORMS incorporates performance measurement and analysis at all management levels in the Army. Effective performance measurement relies upon performance factors that are quantifiable, consistent and easy to obtain. Performance factors, when related to workload or other management indicators, can be used to:

1. monitor productivity;
2. determine functional manpower staffing requirements;
3. project and analyze resource requirements and utilization (ie: actual performance/workload data against predetermined standards);
4. furnish management with trend analysis based on historical workload data;
5. provide quantitative data, prescribed as management indicators for cost or work centers;
6. project future impact of planned improvements on resource requirements;
7. identify potential problem areas, relative to cost reduction, to allow re-allocation of resources.

Evaluation assesses efficiency and effectiveness of performance. Evaluation provides feedback on whether, how well, and how efficiently the mission decision packages or any program are achieving their intended objectives. An example is shown in the following figure:

### SAMPLE PERFORMANCE/RESOURCE REPORT

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
	Actual	Actual	Actual	Actual	Estim- ated	Budget	Program
Mission Acct (MDEP)	\$/PF-H	\$/PF-H	\$/PF-H	\$/PF-H			
Mission Acct (MDEP)	\$/PF-H	\$/PF-H	\$/PF-H				
BASEOPS Acct (MDEP)	\$/PF-H	\$/PF-H					
BASEOPS Acct (MDEP)	\$/PF-H						

Figure U-2

This type of analysis allows the building of workable relationships between funding and performance workload. The majority of the data to conduct an analysis is available from the financial records. Workload data and performance factors can be obtained from the supported directorates.

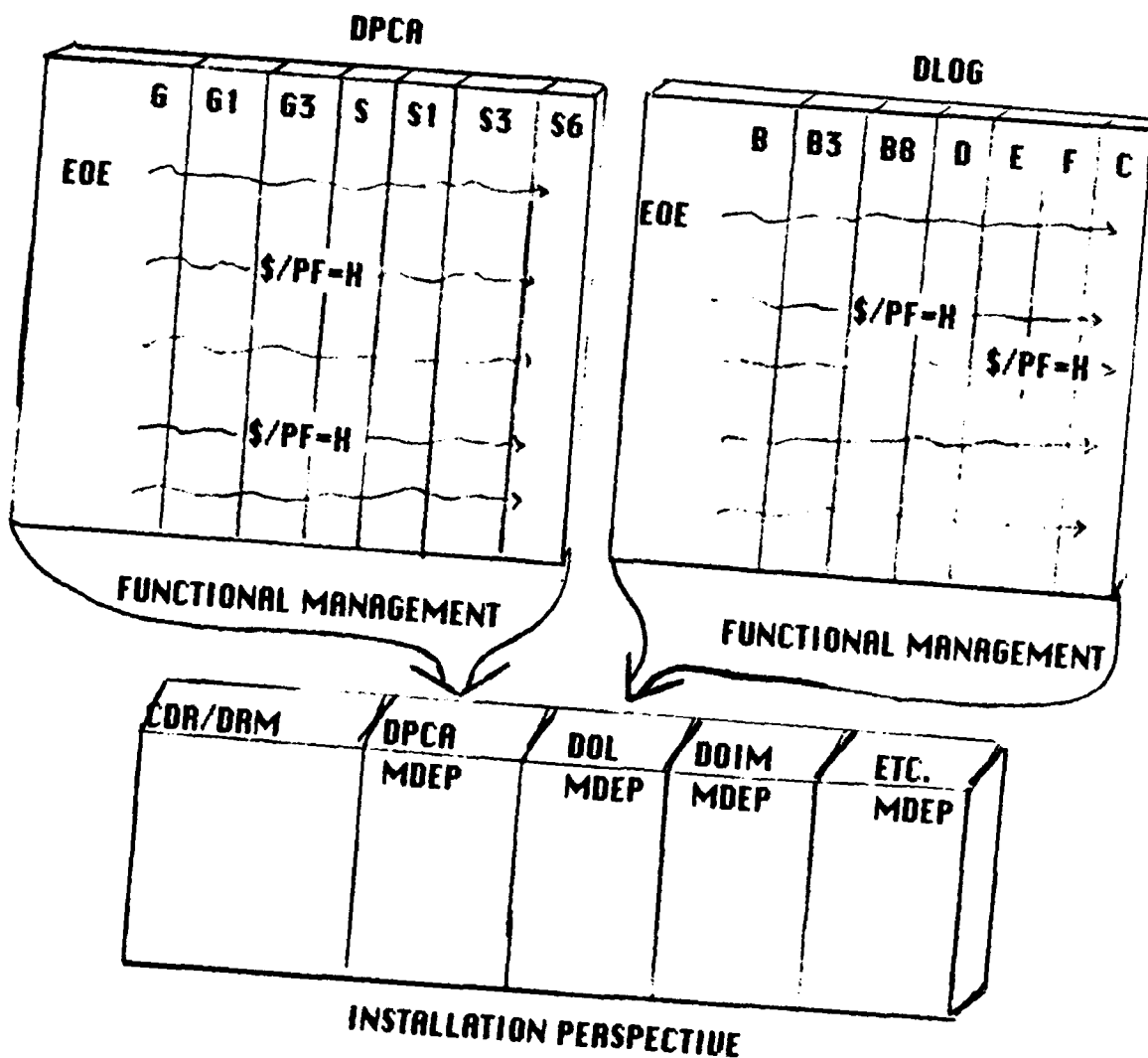
#### Performance Analysis of the Base Operations Accounts

The matching of costs with accomplishments during a given period makes it possible to monitor performance in terms of efficiency (input-output relationships) and unit costs. However, key questions must be resolved:

1. What should be the reliable performance factor/indicator for each account?
2. How is funding differentiated for each account when there is a mission or workload change?

The F&AO can provide an analysis of the results of operations in conjunction with actual work performed--what did the activity or installation organization get for what it spent? The F&AO is helping management achieve desired outputs while making better use of Army resources. This information can be provided to functional managers or

to the garrison commander and used in the Installation Program Budget Advisory Committee decision-making process. The key is that performance information is routinely integrated into the decision process on both a functional management and an installation level perspective. Examples of this type of analysis are portrayed in the figure below:



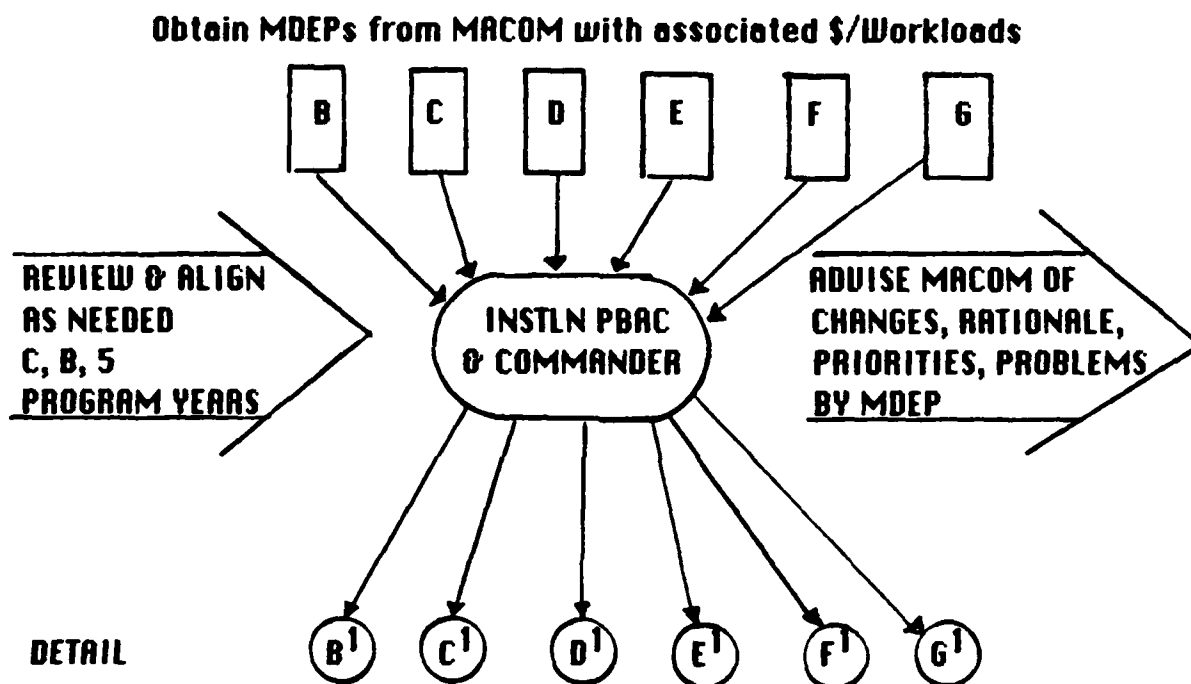
INSTALLATION PERSPECTIVE  
INSTALLATION PERFORMANCE ANALYSIS  
Figure U-3

The installation will have the capability of reviewing current year, budget year, and the follow-on budget year, with some precision, to include checking workload in the outyears versus plans. This allows the linking of outyears with "common sense" and installation long range plans (new work planning boards, anticipated missions, etc.). This



capability should assist in identifying the significant variances from the acceptable bounds of funding required to support projected workloads, versus funding projects to be available. It increases the ability to focus management attention on problem areas in the program years, while performing the detailed development of the budget. Another way to view this process is depicted in the figure below:

view 8 years information on "execution" and master planning



INSTALLATION EIGHT YEAR VIEW

Figure U-4

### Commercial Activities

Performance evaluation of installation functions that have either been contracted out or remained in-house under the guidance of OMB Circular A-76, is another resource analysis function that must be performed. How well the installation or activity performed after the contract was initiated, compared to how well the installation or activity said it would do, is a program that must be carefully analyzed. Once again, the F&AO has the requisite data for analysis.

## TDA vs TOE

The comparability of TDA Army vs TOE Army prior to institution of the Standard Installation Organization is another area for analysis. An example of questions for analysis is described below:

DLOG mission vs the G4  
DPCA mission vs the G1

} Is each organization mutually  
supportive?  
Where is the balance of resources?  
How is this balance accomplished?

## PROGRAM PERFORMANCE AND BUDGET EXECUTION REVIEW SYSTEM (PPBERS)<sup>5</sup>

PPBERS is a program execution review system for top Army management. It is both a quarterly program accomplishment execution review and a performance based budget execution review of selected Army programs and mission areas. It includes:

1. planned to actual financial comparison;
2. planned to actual program outcome comparison;
3. management by exception of major programs
4. feedback for future plans and budgets.

The PPBERS philosophy is that budget execution should relate to actual obligations and outlays, and program accomplishment should relate planned to actual outputs and outcomes in terms of resources consumed.

The installation Review and Analysis (R&A) has served its purpose when it was used by management for decision-making. However, the installation R&A usually occurs too long after the fact to be of any usefulness, and, in many cases, the data did not reflect planned to actual, nor its relationship to performance and resource consumption. The PPBERS process can be instituted at the installation level using data available within the F&A Office and functional manager's organizations. A PPBERS format is at figure U-5, while elements of a PPBERS type display are listed below:

1. Overall performance objective
2. Current fiscal year performance objective (by quarter)
3. Prior year performance (where possible)
4. Performance status by quarter for the execution year
5. Performance projection by quarter for remainder execution

# THE PPBERS FORMAT

QUARTER:	SUBJECT:	FISCAL YEAR:			
		QUARTER	PROGRAMMED	ACTUAL	DIFFERENCE
<u>OVERALL PROGRAM OBJECTIVE:</u>					
<u>CURRENT YEAR OBJECTIVES:</u>					
<u>TOTAL CURRENT YEAR RESOURCES:</u>		<u>REMARKS</u>			
<u>PROPOSER:</u>					

- year
6. Resource adequacy and management implications
  7. Explanation of deviations and recommended corrective action(s)

A sample PPBERRS chart is at figure U-6.<sup>6</sup>

### F&AO MONTHLY ACTIVITY REPORT

The F&AO needs to review or monitor monthly activities within the Accounting Division of the F&A Office. The management indicators available within the Office support the F&AO and his accounting staff's role as resource analysts. These indicators give the F&AO a means to monitor his accounting operation. Monthly activities in the Accounting Division that can be reviewed include:<sup>7</sup>

1. Transactions For Others(TFO)-To be processed, # rejected
2. Unliquidated Obligation Reviews-conducted/scheduled
3. Transactions By Others(TBO)-received, processed
4. Total Transactions processed
5. Transmitted Documents-received, processed
6. Outstanding Travel Advances
7. Status of Accounts Receivable, by customer source
8. Status of Prior Year Funds
9. Stock Fund accounts payable--actual vs program
10. Stock Fund accounts receivable--source
11. Stock Fund cash balances
12. Stock Fund suspense amount
13. Interfund bills--age and number
14. Summary level performance standard (workload)--# of employees required based on performance versus the actual number on board.

### FMIP (Financial Management Improvement Program)

FMIP statistical indicators reflect the operating status of the accounting office in terms of how well the F&AO is maintaining the installation's books of account accurately and in a timely manner. They should be monitored for adverse trends of productivity and efficiency.

# PROGRAM PERFORMANCE/BUDGET EXECUTION REVIEW

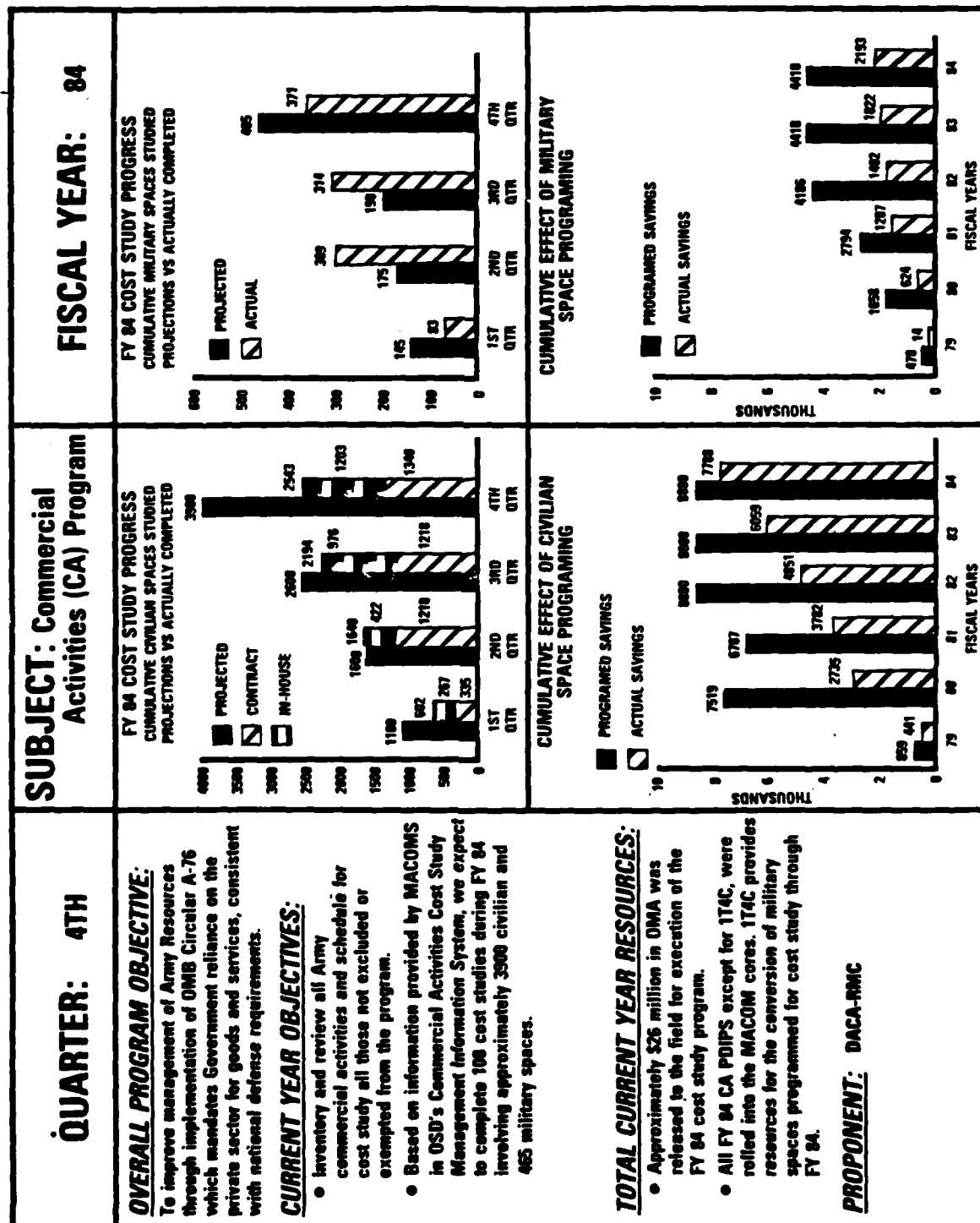


FIGURE V-6

## **INVOLVEMENT**

Each of the resource analysis topics described in this chapter require the active participation of the F&AO and his staff in supporting installation functional managers. The tools and the data are available. The OORMS and the MDEP linkage with the PPBES provides the opportunity to accomplish this challenge.

The F&AO and his accounting staff should:<sup>8</sup>

1. be knowledgeable of each of the accounting and financial management systems used on the installation and by serviced activities;
2. be aware of Army and government-wide management improvement initiatives such as cash and debt management, internal controls, force modernization and RMS (Redesign);
3. be participants (in an advisory capacity) in the major, financially oriented decisions made by serviced activities;
4. provide analysis support to Program Budget Advisory Committee or SubCommittee sessions;
5. structure or restructure installation accounting outputs in the manner serviced activities desire for management visibility;
6. be knowledgeable of performance factors and workload versus funding status of serviced activities.

## CHAPTER V

### ENDNOTES

1. Barry S. Baer. "Helping Management Make Better Use of Resources to Achieve the Army's Desired Outputs," Resource Management Journal, Winter, 1985, p. 23.

2. Barry S. Baer. "Helping Management Make Better Use of Resources to Achieve the Army's Desired Outputs," Resource Management Journal, Winter, 1985, pp. 22-25. Chapter V is an expansion of this article which stresses the role of the Finance and Accounting Officer in resource analysis.

3. US Department of the Army. Special Text 14-165 Part I Military Accounting, Finance School, Fort Harrison, Indiana, p.1-1.

4. Ibid., p. 1-1.

5. "Program Performance and Budget Execution Review System (PPBERS)", COA Briefing charts, Washington, November 1984.

6. "Program Performance and Budget Execution Review System (PPBERS)", PBC Read Ahead, Fourth Quarter FY 84 (Unclassified), Washington, November 1984.

7. I used these monthly management indicators to monitor the performance of my Accounting Division while serving as Commander/Finance & Accounting Officer, 45th Finance Section, 1982-1984.

8. Phil Wolfsheimer, "Involvement Reaps Rewards," All Points Bulletin, April, 1985, p. 2.

## **CHAPTER VI**

### **CONCLUSION AND RECOMENDATIONS**

The Output Oriented Resource Management System is a restructuring of the Army Programming, Budgeting and Execution process. The PPBES program/resource package has to be focused on management's needs while recognizing the distinct control differences between the program and budget periods. Its focus has to be on the needs of management at all levels--the appropriate focus for the Mission Decision Package (MDEP). This linking of the program support for the full eight year period will provide the essential element of the feedback loop for decision-makers. It will also change the focus of budget development, execution, and evaluation throughout the Army. Success will be judged primarily on whether or not the resources allocated were sufficient to meet the programatic objectives and whether the actual on-site execution of the program accomplished the objectives set for it. Budget adjustments will provide a greater impact on the programatic implications of possible funding changes and allocation alternatives; what will or will not be accomplished and what programs should be supported or allowed to be reduced, based on their relative mission priorities for the Army.

### **REBUILDING THE MANAGEMENT FOCUS**

In order for the feedback loop to work, in order for the Mission Decision Package to be meaningful for management of both programs and resources, the packages themselves have to be meaningful at all management levels: HQDA, major command, and installation or activity. Not only must the package be a legitimate communication device among these levels of management; it must also be sufficiently well defined to allow the "executor" to identify the resources applied and outputs achieved. Linking the standard organization structure of installations to a standard MDEP structure links the program with the resource sponsorship of the program.

The goal is to improve the PPBES process by refocusing the decision packages themselves in such a way that they will allow Army



leadership to deal with program and budget issues in their own terms or reference--not artificial groupings that make no sense in operations or program execution.

### OORMS Objectives

The objectives of the Output Oriented Resource Management System that have been portrayed throughout this study include:

1. Provide a formal and systematic feedback loop throughout the PPBES.
2. Improve the quality of decision-making by restructuring the Programming, Budgeting and Execution process by correlating the packaging of this information in the manner commanders/managers think.
3. Integrate the F&A community at the installation into the resource analysis business in supporting the installation commander's objectives.
4. Provide improved automation support of the PPBES process.

### COMMENTS AND CONCERNS

1. Will the process work? Is it feasible? The answer to both questions is yes. The implementation of OORMS, using the MDEP as the linkage, can work and support Army information needs. Use of the MDEP will help enable measuring the execution of Army programs in the same terms as the Army leadership makes resource allocation decisions. Currently, planning and programming decisions are made in a different language than is used for budgeting and executing programs. The Army programs in terms of PDIPs, but budgets and executes resources in terms of AMS codes. Because of the difference in language, it can not easily relate execution of programs to the decisions made in developing those programs. The MDEP will help to close the loop in the PPBES process by providing a unique identifier for resources and outputs identified in given MDEPs. Once this link between the programming and execution phases of the PPBES process is established, managers will be better able to evaluate the effectiveness of the resource allocation process as measured by program execution.

2. Are the "right" cost data being obtained and reported through OORMS? Should obligation/disbursement data or cost data be reported? In Army accounting, there are different stages of the expenditure

accounting transaction. An obligation is a legal reservation of funds and occurs when an order for goods or services is placed. An accrued expenditure/expense is the actual or constructive receipt of goods or services without regard to payment. The Disbursement stage is the expenditure of government funds to satisfy a legal liability of the government. This is the payment of the bill that has been presented.

Accrued Expenditures/Expenses represent the actual or constructive receipt of goods and services for which an obligation has been incurred. They are recorded in the accounting system without regard to whether payment has been made or an invoice received. This method provides information on the total amount of supplies or services received in the accounting period by the using unit, as opposed to the total amount of obligations incurred in the period. When expense is included in the definition, the total value of supplies issued and services received (actual or constructive) which are used to accomplish a task or mission is reflected.<sup>1</sup> While the right data that should be reported through OORMS should be cost or "expense" data, rather than obligations and disbursements, the ability to capture total expenses in FY 86, to include unfunded expenses; not included at the installation, is prohibitive at best. The system quickly becomes unworkable when trying to accumulate data that are not available.

3. STANFINS is the Army's most predominant standard installation level accounting system. However, it is not operated in AMC (Army Materiel Command) which represents a significant portion of the Army. AMC will have to modify their installation level systems to produce the required OORMS data.

4. Data reconciliation problems will occur due to disconnects between data reported through the accounting system and the data reported through the OORMS process. Efforts are being made to preclude this occurrence; however, erroneous input will not be caught. System users will have to carefully monitor this type of situation and perform monthly/quarterly reconciliations with F&AO accounting records.

5. The implementation of the Standard Installation Organization is a cornerstone for OORMS. Without a standard structure, performance evaluation in terms of resource consumption cannot be accomplished, the use of Base Operations MDEPs in a logical manner would be thwarted at all levels of the Army.

6. The Army Management Structure (Redesign) objective to produce a disciplined, standard, Army-wide resource classification and coding structure that the Army will use to:

- a. interrelate the decisions in PPBES;
- b. control and manage all Army dollar and manpower resources;
- c. identify, collect and report information in resource information systems;

is also an ingredient to successful implementation of OORMS. The MDEP as a component of AMS (R) by being instituted ahead of the remainder of AMS (R) supports and facilitates full implementation of the new language.

**7. Other impacts:**

a. Hardware and software--interfacing systems. OORMS is dependent upon purchase of micro computers and contractor written software. It is also dependent upon the successful modification of interfacing standard Army systems. System changes of this nature historically do not occur very fast.

b. Funding to purchase the micro computers is being left up to each installation or MACOM. Some organizations will have the funds available. Others would not utilize the funding even if it was given to them.

c. Performance Factors: well-developed resource management structures will include performance information that can be used for both day-to-day management and budget decisions. An effective system of measuring program performance requires:

- (1) agreement on relevant performance standards;
- (2) systematic collection of reliable, consistent and comparable information on costs and performance (workload);
- (3) ability to supply those data routinely for use in PPBES.

The capturing of performance data, as well as the use of adequate performance factors, is a weak link in OORMS. Strenuous effort is required to develop standard performance factors and institute their use throughout the Army.

## **RECOMMENDATIONS**

The OORMS process and the MDEP are a much needed ingredient to improving the Army's PPBES and focusing management attention on using resources (inputs) to achieve desired Army results (outputs). However, the COA must persevere in overcoming bureaucratic barriers to full implementation of OORMS and the integration of the MDEP in PPBES. Significant actions that must be taken include:

1. Increase the implementation pace of AMS (R). The components of AMS (R) must be incorporated throughout the Army. A means of accomplishing this task is to ensure any new automated or "manual" management information system uses applicable AMS (R) components.

2. Ensure the Standard Installation Organization is implemented at all Army installations. A standard structure is essential to helping management achieve desired results given the resources to perform the mission.

3. Ensure the use of relevant performance factors. This can be accomplished by Program Directors using performance information to "grade" results achieved in various programs and holding the appropriate program manager responsible. Performance using performance factors must be incorporated in resource management reporting requirements.

4. The micro-computers to be utilized by OORMS and the required changes to current standard Army systems must be resourced by HQDA. This resourcing will eliminate a bureaucratic barrier.

5. Finally, the OORMS process and the resource analysis process must be institutionalized within Army regulations and directives and the Army school system at all levels (Finance School, ALMC, CGSC, AWC, etc.). Only with institutionalization will OORMS succeed in forging the necessary link in the phases of PPBES and relating resources (input) to performance (output).

## **CHAPTER VI**

### **ENDNOTES**

- 1. US Department of the Army. Special Text 14-165 Part I Military Accounting, Finance School, Fort Harrison, Indiana, p. 3-26.**

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